REPORT TO THE GOVERNOR AND 1983 LEGISLATURE

MINNESOTA HIGHER EDUCATION COORDINATING BOARD

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PART 2 JANUARY 1983
MINNESOTA HIGHER EDUCATION
COORDINATING BOARD

PREFACE

This part of the Coordinating Board's report to the governor and 1983 Minnesota Legislature summarizes the activities for which the Board is responsible. It is designed to serve as a general resource document for the governor, legislature, and others interested in Minnesota post-secondary education. For a review of major concerns about the future of Minnesota post-secondary education, the reader should see Part I of the biennial report which is available under separate cover.

The first section of this part provides an overview of the condition of Minnesota post-secondary education and includes data on student participation and the state's investment in post-secondary education. Section two describes in more detail the goals for the investment of Minnesota post-secondary education which have been proposed by the Coordinating Board. Section three contains summaries of the Board's projects and programs. Each project or program is summarized, and the Board's recommendations are described. The final section lists projects that are underway and planned by the Board to address major issues facing the state's post-secondary system.

CONTENTS

Page

PART 2. A SUMMARY OF BOARD ACTIVITIES, PROJECTS, AND PROGRAMS

PREFACE i

I. THE CONDITION OF MINNESOTA POST-SECONDARY EDUCATION 1

A. INTRODUCTION 1
B. BOARD EFFORTS IN INFORMATION SERVICES AND RESEARCH 1
C. MINNESOTA PARTICIPATION IN POST-SECONDARY EDUCATION 2
1. On-Campus Headcount Enrollment 2
2. Full-Time and Part-Time Enrollments 2
3. Enrollment by Sex 2
4. Age Distribution of Undergraduate Students 2
5. Minority Enrollments 5
6. Participation Rates of Prior June High School Graduates 6
7. New Entering Freshman Participation Rates 6
8. Undergraduate Transfer Activity 8
9. Total Degrees Awarded 8
10. Student Characteristics 8
D. MINNESOTA POST-SECONDARY EDUCATION ENROLLMENT PROJECTIONS 12
E. MINNESOTA INVESTMENT IN POST-SECONDARY EDUCATION 18
1. Price to the Student 18
2. Tuition Price and Per Capita Income 20
3. Financial Aid Trends 21
4. Relative State Investment in Post-Secondary Education 22
5. State Appropriations Per Student for Instruction 26
6. Instructional Costs 28

II. GOALS TO GUIDE THE INVESTMENT OF PUBLIC RESOURCES IN POST-SECONDARY EDUCATION 31

A. INTRODUCTION 31
B. GOALS 31

III. PROJECTS AND PROGRAMS 35

A. COORDINATION ACTIVITIES 35
1. Introduction 35
2. Program Review 35
3. Cooperation Between Minnesota Post-Secondary Institutions 37
4. Nursing Education 38
5. The Awarding of Academic Credit in Minnesota Post-Secondary Education 43
6. Better Information for Students: Education Information Resources and Activities 44
7. Faculty Mobility 45
8. Federal-State Relations 45
B. PLANNING, RESEARCH, AND POLICY ANALYSIS 51
1. Introduction 51
2. Future Funding Task Force 51
3. Tuition Policy 54
4. Student Financial Aid in the 1980s – The Design for Shared Responsibility 58
5. State Policy Toward Private Post-Secondary Education 67
6. Governance 71
7. Plans for Declining Enrollments 74

CONTENTS

8. Post-Secondary Education for Part-Time and Returning Students 74
9. Hispanic/Latino Students in Minnesota Post-Secondary Education 79
C. STATE POST-SECONDARY EDUCATION PROGRAMS ADMINISTERED BY THE COORDINATING BOARD 82
1. Introduction 82
2. Student Financial Aid Programs 82
a. State Scholarship, Grant-in-Aid and Nursing Grant Programs 82
b. Part-time Student Grant Program 90
c. AVTI Tuition Subsidy Program 90
d. Veterans' Dependents Student Assistance Program 91
e. State Work-Study Program 91
f. Minnesota State Student Loan Program 92
g. Medical and Osteopathy Loan Program 98
3. Non-Financial Aid Programs 99
a. Interstate Tuition Reciprocity 99
b. Private College Contract Program 103
c. Private Institutions Registration Program 104
d. Minnesota Post-High School Planning Program 105
e. Minnesota Interlibrary Telecommunications Exchange (MINITEX) 106
f. Optometry-Osteopathy Contracts 109

IV. FUTURE AGENDA 111

A. INTRODUCTION 111
B. ACTIVITIES TO BE COMPLETED DURING THE 1983 LEGISLATIVE SESSION 111
C. PROJECTS FOR THE 1983-85 BIENNIUM 111

APPENDICES 113

A. SUMMARY OF ANNUAL MEETING WITH GOVERNING BOARDS 113
B. HIGHER EDUCATION FACILITIES AUTHORITY ANNUAL REPORT 113
C. ADVISORY COMMITTEES 113
D. MINNESOTA HIGHER EDUCATION COORDINATING BOARD REPORTS AND PUBLICATIONS 114

TABLES

Table | Page

1. On-Campus Headcount Enrollment, Public and Private Post-Secondary Education Systems, 1969-1981 3
2. Full-Time and Part-Time On-Campus Headcount Enrollment, All Systems, 1969-1981 3
3. On-Campus Undergraduate Headcount Enrollment by Sex, All Systems, 1973-1981 4
4. Age Distribution of On-Campus Undergraduate Students, All Systems, 1974 and 1981 4
5. Headcount Enrollment and Percent of Total Headcount Enrollment by Racial/Ethnic Group and System, 1974, 1979 and 1980 5
6. Participation Rates of Prior June High School Graduates by Sex and System, Fall 1980 and Fall 1981 7
7. New Entering Freshman Participation Rates by Sector, 1973-1981 7
8. Academic Year 1980-81 Undergraduate Transfers from Systems to Systems 8
9. Total Degrees Awarded by Level, 1973-1980 9
10. Minnesota Test Score Means and Standard Deviations for Minnesota High School Juniors, 1973-1981 9
11. Minnesota High School Juniors' First Choice Post-Secondary Institution, 1971-1982 10
12. Minnesota High School Juniors' Planned Field of Study, 1971-1982 12
13. Projected High School Graduates by Planning Region, 1981-1997 14
14. Required Tuition and Fee Charges, Full-Time Resident Undergraduates, Fiscal Year 1971-Fiscal Year 1983 19
15. Changes in Minnesota Per Capita Income and Tuition Rates, Fiscal Years 1971-1983 20
16. State Appropriations for Student Assistance, Fiscal Years 1968-1983 21
17. State Appropriations Per Student for Instruction, Fiscal Years 1971-1983 26
18. Reductions in State Appropriations, Public Post-Secondary Systems, 1981-83 Biennium 28
19. Public Post-Secondary Systems' Average Unit Costs of Instruction by Level of Instruction, Fiscal Year 1981 29
20. Summary of Action on Proposed New Programs, Fiscal Year 1973-1982 36
21. Five-Year Funding History for Federal Student Assistance (Dollars in Millions), 1978-1982 47
22. Five-Year Funding History for Federal Student Assistance in Constant 1978 Dollars (Dollars in Millions), 1978-1982 48
23. Trends in the Maximum Federal Pell Grant Eligibility at Various Minnesota Post-Secondary Institutions, 1979-80 – 1982-83 49
24. Tuition Revenue as a Percentage of Instructional Expenditures, All Public Systems, Fiscal Years 1971-1983 56
25. Estimated Changes in Tuition Rates Based on the Coordinating Board's Tuition Policy Recommendations, Fiscal Years 1983-1985 57
26. Amount Remaining for Student to Contribute After Deducting Parents' Contribution, Federal Pell Grant, and State Grant from Student Budget (in 1980-81) 60
27. Student Contribution Resulting From Three Values of the Self-Help Expectation (in 1980-81) 61
28. Tuition Differential in Public and Private Four-Year Institutions, Fiscal Years 1971-1983 69
29. Components of Need Formula for Off-Campus and On-Campus Students Under Old and Revised Methods, Minnesota Scholarship and Grant Programs, 1979-80 and 1980-81 84
30. Overview of State Scholarship and Grant Programs, Fiscal Years 1979-1982 and Projections for Fiscal Years 1983-85 85
31. State Scholarship and Grant Awards by Income Levels, Fiscal Years 1981 and 1982 86
32. Combined State and Federal Award Targets by Income Levels, Fiscal Years 1981 and 1982 87
33. State Scholarship and Grant Awards by Educational System, Fiscal Years 1981 and 1982 88
34. Combined State and Federal Award Targets by Educational System, Fiscal Years 1981 and 1982 89
35. Student Loan Revenue Bonds Issued by the Higher Education Coordinating Board as of June 30, 1982 93
36. Minnesota State Student Loan Program Bond Ceiling Projected through June 30, 1985 93
37. Summary of HECB Loan Volume, Fiscal Years 1978-1982 96
38. Actual and Projected Participation and Cost Figures Under Interstate Tuition Reciprocity, Fiscal Years 1981-1985 101
39. Reciprocity Participation by Selected Institutions, Fall 1981 102
40. Authorized and Actual Payments Under Formula for Private College Contract Program, Fiscal Years 1981 and 1982 104

TABLES

41. Actual and Projected MINITEX Activity Supported by State Appropriations and Contracts, 1980-81 – 1984-85 108
42. Actual and Projected Activity Supported by MINITEX Appropriations and Contracts, 1980-81 – 1984-85 108
43. Number of Seats and Costs in Optometry and Osteopathy Contracting Program, Fiscal Years 1981 and 1982 and Estimates for 1983-85 110

FIGURES

Figure **Page**

1. Minnesota Test Score Means and Standard Deviations for Minnesota High School Juniors, 1973-1981 10
2. Minnesota High School Juniors First Choice Post-Secondary Institution, 1971-1982 11
3. Minnesota High School Juniors Planned Field of Study, 1971-1982 13
4. Minnesota Planning Regions 15
5. Projected Average Daily Membership Enrollments, Area Vocational-Technical Institutes, 1980-81 to 2000-01 16
6. Projected Full-Year Equivalent Enrollments by All Public Systems and Public Collegiate Systems, 1980-81 to 2000-01 17
7. Relative State Investment in Post-Secondary Education, Fiscal Year 1982 23
8. Distribution of State Funds by System, Fiscal Year 1982 24
9. Distribution of Financial Aid Awards by System, Fiscal Year 1982 25
10. Appropriations Per Student for Instruction, in Constant Dollars, Fiscal Years 1971-83 27
11. Five-Year Funding History for Federal Student Assistance (Dollars in Millions), 1978-1982 47
12. Five-Year Funding History for Federal Student Assistance in Constant 1978 Dollars (Dollars in Millions), 1978-1982 48
13. Shift in the Distribution of Total Dollars by Family Income Which Would Have Resulted from Implementation of the Alternative Design for Shared Responsibility in 1980-81 62
14. Distribution of Award Size Under the Current Approach and the Alternative Design at 50 Percent Self-Help in 1980-81 63
15. Distribution of Total Dollars by Post-Secondary Systems Under the Current Approach and the Alternative Design at 50 Percent Self-Help in 1980-81 64
16. Number of Applications to State Student Loan Program, 1978-1982 96
17. Dollar Amount of Student Loans Under State Student Loan Program, 1978-1982 97

CONDITIONS

A. INTRODUCTION

This section reviews the conditions and trends affecting Minnesota post-secondary education. An understanding of current conditions and projections and their implications is fundamental to institutional and state planning. This section presents highlights of participation trends and projected enrollments. It also contains information about the state's investment in post-secondary education.

B. BOARD EFFORTS IN INFORMATION SERVICES AND RESEARCH

In order to plan for the future of Minnesota post-secondary education, to better coordinate existing opportunities, and to manage programs effectively, an accurate and timely information base is needed.

Over the past several years the Board has enhanced significantly its capacity to collect, evaluate and present information on many aspects of post-secondary education. A complete, accessible data base is needed to conduct planning and research, to identify problems, and to analyze the effects of alternative policies.

Each year the Board conducts surveys on such topics as enrollments, student characteristics, faculty salaries, degrees granted, library resources, programs, and facilities. Many of these surveys are conducted in conjunction with the federal Higher Education General Information Surveys. The Board prepares annual institutional enrollment projections which are based on grade-level enrollment projections for elementary and secondary education. As part of the Board's budget review and financial planning activities, data are prepared on appropriations, expenditures, and costs of instructional services in public institutions.

A major activity during the biennium was to conduct a pilot test of a new student record enrollment system and to plan for the implementation of this system on a permanent basis in 1983.[1] Since 1967 the Board has conducted a series of statewide surveys of enrollment. About 150 public and private institutions respond. As information requirements have increased, survey activity has expanded from one headcount survey to seven, collecting information on enrollment by sex, age, level, full-time or part-time enrollment status, year of high school graduation, number of credits awarded, previous institutions attended by transfer students, and place of residence. Information from these surveys is published in an annual series of reports. They are disseminated widely to institutions, state agencies, private businesses, legislative committees, and the public. In addition, hundreds of requests for information are received and answered each year. Current reporting procedures consume much time by institutional respondents. Moreover, because the surveys collect aggregate data, they cannot be integrated. Thus, student characteristics collected on one survey cannot be related to characteristics on any other survey. Because many surveys have not been automated, and others have not been automated in a readily accessible manner, many requests for data cannot be answered promptly. To extract information from the data, a lengthy manual search through many documents often is necessary. Often additional information must be obtained, which increases the institutional reporting burden.

Early in 1981 the Board staff initiated a pilot test of a student record-based enrollment reporting system. The goal was to assess the feasibility of replacing the Board's surveys with a single report based on the fundamental unit of enrollment reporting -- the student. With such a system institutions would provide an individual record for each current enrollee. Records would be submitted in an identical format and would contain descriptive elements such as age and place of residence now reported for the aggregate student body.

The results of the pilot test indicated that such a system is feasible and would be superior to the aggregate reporting system used by the Board to obtain enrollment data. Representatives of the institutions participating in the pilot test recommended that the Board implement such a system.

In the fall of 1983 the Board will begin using a student record enrollment reporting system. Implementation of the system will be funded jointly by the post-secondary institutions and systems and by the Board. The total cost of implementing the survey is $50,000. During the 1982-83 school year, staff of the Board are converting to a statewide student-record enrollment survey. The new system is expected to do the following: reduce the annual institutional reporting burden; reduce the need to request additional enrollment information from institutions, answer one-time information inquiries; improve the quality and comparability of enrollment statistics; retrieve student information at various levels of detail; accommodate ad hoc research inquiries in a flexible manner; upgrade the analytical capacity of the data base; produce information in numerous report formats; support planning, research, and policy-making information needs, and eliminate expensive, tedious hand manipulation of current surveys.

During the past two years the Board developed a plan for publishing data reports. Also, in order to assess its programs regularly, several status reports are published each year. And the Board uses its data base to publish several technical reports which supplement policy studies.

The Board maintains a program inventory which contains descriptions of some 5,000 programs. It includes information on where the program is offered and its degree level.

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[1] Minnesota Higher Education Coordinating Board, ***Report on Student Record Enrollment System Pilot Test*** (July 1982).

A major project in the financial aid area is the effort to develop an automated data processing system which will be ready for use in 1983. This system will improve the efficiency of processing student aid and provide information to support more efficient management of the programs. The system also will create data files for research use. This will assist the Board's staff in building models that simulate future conditions. The Board staff will be able to assess the impact of changes in the financial circumstances of families, changes in the cost of education, and changes in federal or state policies. Processing of scholarships and grants under the new system is expected to begin in January, and processing of loans is expected to start in the spring of 1983. This will be followed by the automated processing of campus-based aid programs in the summer of 1983.

C. MINNESOTA PARTICIPATION IN POST-SECONDARY EDUCATION

Participation trends affect virtually all aspects of post-secondary education. Enrollment characteristics are related closely to how much the state invests in post-secondary education, the number and types of programs it offers, the facilities it operates, the faculty it supports, the prices it charges, and the financial aid it provides to students. This section reviews several dimensions of participation in Minnesota post-secondary education.

Most of the data focuses on state-level trends. Information on system and institution level trends can be found in the Board's annual fall enrollment surveys and other data reports.

1. On-Campus Headcount Enrollment

On-campus headcount enrollment in Minnesota post-secondary education increased by more than 9 percent between fall 1979 and 1981, from 194,500 to 213,000.[2]

The largest annual increase occurred between fall 1979 and fall 1980, as shown in Table 1. This growth may have been caused by economic conditions which encouraged many young people to re-enroll or enroll for the first time in some form of post-secondary education. The annual rate of growth in on-campus enrollments was higher in the public sector than in the private. Between 1969 and 1981, fall headcount enrollments increased by more than 51,000 in the public systems while enrollments in private institutions grew by about 12,600. Enrollments in the public sector accounted for about 80 percent of total on-campus headcount enrollments in fall 1981.

2. Full-Time and Part-Time Enrollments

The number of part-time students enrolled in Minnesota post-secondary education more than tripled between 1969 and 1981. Part-time enrollments as a percentage of total headcount enrollments increased from 8.8 percent in 1969 to 19.4 percent by fall 1981. Data from the last few years, as shown in Table 2, suggest that the rapid increase in the proportion of part-time students may be stabilizing.

The distribution of full- and part-time enrollments varies significantly by system and geographical location. Institutions located in the metropolitan region enroll a much larger percentage of part-time students while outstate institutions enroll more full-time students. These variations in distribution are shown in the Board's annual fall enrollment survey publications.

3. Enrollment by Sex

Participation in post-secondary education by women increased rapidly during the last decade, growing from 44 percent of all enrollments to more than 50 percent. Women have accounted for more than 50 percent of total headcount enrollments in post-secondary education since 1979.

The number of females enrolled increased from 66,000 in fall 1973 to more than 96,000 in fall 1981, or more than 45 percent. During that same period, the number of males grew from 82,838 to 93,344, or 12.8 percent, as shown in Table 3.

4. Age Distribution of Undergraduate Students

Between 1974 and 1981, the trend toward older students enrolling in post-secondary education continued. In 1974, 27.1 percent of the enrolled students were 22 years of age or older. In fall 1981, 35.5 percent of the undergraduate students were 22 or older.

Students 30 years of age and older accounted for 6.0 percent of total enrollments in 1974. By 1981, students 30 and older represented 10.5 percent of all enrollees, as indicated in Table 4.

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[2] Total fall headcount enrollment represents the enrollment for on-campus students enrolled for credit as of the 10th day of classes in the fall term. Extension students are not included. The total includes both full-time and part-time students.

TABLE 1
ON-CAMPUS HEADCOUNT ENROLLMENT PUBLIC AND PRIVATE POST-SECONDARY EDUCATION SYSTEMS[1]
1969-1981

	Public		Private[2]		All Systems[2]	
Year	Fall Headcount	Annual % Change	Fall Headcount	Annual % Change	Fall Headcount	Annual % Change
1969	119,176		29,566		148,742	
1970	126,912	6.5%	30,076	1.7%	156,988	5.5%
1971	130,475	2.8	30,046	–0.1	160,430	2.2
1972	128,184	–1.8	31,382	4.5	159,566	–0.5
1973	128,824	0.5	32,774	4.4	161,598	1.3
1974	132,074	2.5	33,492	2.2	165,566	2.5
1975	143,588	8.7	36,076	7.7	179,664	8.5
1976	147,709	2.9	37,795	4.8	185,504	3.3
1977	149,540	1.2	40,062	6.0	189,608	2.2
1978	150,158	0.4	40,032	–0.1	190,190	0.3
1979	153,829	2.4	40,635	1.5	194,464	2.3
1980	165,591	7.7	42,468	2.8	208,059	8.6
1981	170,707	3.1	42,188	1.0	212,895	2.7

[1] Does not include extension students.

[2] Does not include private vocational schools.

Source: Minnesota Higher Education Coordinating Board.

TABLE 2
FULL-TIME AND PART-TIME ON CAMPUS HEADCOUNT ENROLLMENT ALL SYSTEMS[1]
1969-1981

	Full-Time		Part-Time		Total	
Fall	No.	Percent	No.	Percent	No.	Percent
1969	135,663	91.2%	13,079	8.8%	148,742	100.0%
1970	140,722	89.6	16,266	10.4	156,988	100.0
1971	142,862	89.0	17,568	11.0	160,430	100.0
1972	140,918	88.3	18,648	11.7	159,566	100.0
1973	141,821	87.8	19,777	12.2	161,598	100.0
1974	142,801	86.3	22,765	13.7	165,566	100.0
1975	153,454	85.4	26,210	14.6	179,664	100.0
1976	157,787	85.1	27,717	14.9	185,504	100.0
1977	160,664	84.7	28,944	15.3	189,608	100.0
1978	156,985	82.5	33,205	17.5	190,190	100.0
1979	158,921	81.7	35,543	18.3	194,464	100.0
1980	167,753	80.5	40,306	19.5	208,059	100.0
1981	171,142	80.6	41,753	19.4	212,895	100.0

[1] Does not include private vocational schools.

Source: Minnesota Higher Education Coordinating Board.

TABLE 3
ON-CAMPUS UNDERGRADUATE HEADCOUNT ENROLLMENT BY SEX ALL SYSTEMS[1]
1973-1981

	Male		Female		Total	
Fall	No.	Percent	No.	Percent	No.	Percent
1973	82,838	55.7%	66,006	44.3%	148,844	100.0%
1974	82,152	54.9	67,360	45.1	149,512	100.0
1975	87,929	54.5	73,404	45.5	161,333	100.0
1976	88,166	53.0	78,306	47.0	166,472	100.0
1977	86,634	50.8	83,952	49.2	170,586	100.0
1978	85,659	50.2	84,832	49.8	170,491	100.0
1979	86,047	49.3	88,623	50.7	174,670	100.0
1980	89,447	49.4	91,485	50.6	180,932	100.0
1981	93,344	49.2	96,484	50.8	189,828	100.0

[1] Does not include private vocational schools.

Source: Minnesota Higher Education Coordinating Board.

TABLE 4
AGE DISTRIBUTION OF ON-CAMPUS UNDERGRADUATE STUDENTS[1] ALL SYSTEMS
1974 AND 1981

	1974		1981	
Age	No.	Percent	No.	Percent
17 and Under	4,462	3.2%	5,109	2.7%
18	30,429	22.1	33,914	18.4
19	25,697	18.6	31,582	17.1
20	22,076	16.0	26,312	14.3
21	17,988	13.0	22,179	12.0
22 – 24	17,713	12.8	27,991	15.2
25 – 29	11,436	8.3	18,164	9.8
30 – 34	3,298	2.4	8,462	4.6
35 and Over	4,901	3.6	10,812	5.9
Total	138,000	100.0%	184,525	100.0%

[1] Does not include those classified as age unknown.

Source: Minnesota Higher Education Coordinating Board.

TABLE 5
HEADCOUNT ENROLLMENT AND PERCENT OF TOTAL HEADCOUNT ENROLLMENT BY RACIAL/ETHNIC GROUP AND SYSTEM[1] 1974, 1979 AND 1980

Racial/Ethnic Group	State University System		Community College System		University of Minnesota		AVTIs	
	No.	Percent	No.	Percent	No.	Percent	No.	Percent
Black								
1974	200	0.6%	254	1.1%	1,041	2.0%	153	0.6%
1979	245	0.6	196	0.7	988	1.8	235	0.9
1980	223	0.5	356	1.0	1,183	2.0	299	1.0
American Indian								
1974	198	0.6	139	0.6	470	0.9	181	0.8
1979	231	0.5	106	0.4	347	0.6	449	[illegible].6
1980	298	0.7	133	0.4	422	0.7	534	1.8
Asian								
1974	40	0.1	48	0.2	927	1.8	18	0.1
1979	133	0.3	94	0.3	883	1.6	343	1.2
1980	142	0.3	222	0.6	1,210	2.1	585	1.9
Hispanic								
1974	100	0.3	70	0.3	245	0.5	120	0.5
1979	66	0.2	94	0.3	466	0.8	414	1.5
1980	106	0.2	133	0.4	572	1.0	417	1.4
White & All Other								
1974	33,733	98.4	22,565	97.8	49,248	94.8	23,300	98.0
1979	43,023	98.5	28,659	98.4	53,606	95.2	26,155	94.9
1980	44,028	96.2	33,766	96.8	55,703	94.3	28,275	93.9
Total Minority Headcount								
1974	538	1.6	511	2.2	2,683	5.2	472	2.0
1979	675	1.5	540[2]	1.8	2,684	4.8	1,441	5.2
1980	769	1.7	844	2.4	3,387	5.7	1,835	6.1
Total Headcount								
1974	34,271	100.0	23,076	100.0	51,531	100.0	23.772	100.0
1979	43,698	100.0	29,149	100.0	56,299	100.0	27,596	100.0
1980	45,757	100.0	34,892	100.0	59,090	100.0	30,110	100.0

[1] Does not include extension enrollment.

[2] Includes 50 minority students not classified by racial/ethnic group.

Source: Minnesota Higher Education Coordinating Board.

5. Minority Enrollments

The total number of minority students in Minnesota post-secondary education increased from 5,059 in 1974 to 8,015 in 1980, an increase of 58 percent. During the same period, total headcount enrollment rose by 47.5 percent. Minority enrollments as a proportion of total enrollments increased from 3.2 percent in 1974 to 3.4 percent in 1980.

The number of minority students enrolled in public institutions increased from 4,204 in fall 1974 to 6,835 in fall 1980, as shown in Table 5. This is an increase of 2,631 students, or 63 percent. During the same period, total enrollments in on-campus programs grew by 27.6 percent. As a proportion of total enrollments, minority students in 1980 accounted for 4 percent of all enrollees in public institutions, up from 3.2 percent in fall 1974.

The number of minority students enrolled in private institutions increased from 855 in fall 1974 to 1,180 in fall 1980, an increase of 38 percent. During the same period, total private sector enrollments grew by 65.4 percent.

TABLE 5 (Continued)
HEADCOUNT ENROLLMENT AND PERCENT OF TOTAL HEADCOUNT ENROLLMENT
BY RACIAL/ETHNIC GROUP AND SYSTEM
1974, 1979 AND 1980

	Private Two-Year Colleges		Private Four-Year Colleges		Private Professional Schools		All Systems	
Racial/Ethnic Group	No.	Percent	No.	Percent	No.	Percent	No.	Percent
Black								
1974	31	2.0%	534	2.4%	13	0.9%	2,226	1.4%
1979	47	2.8	475	1.4	25	0.8	2,211	1.1
1980	54	3.3	452	1.2	33	1.0	2,600	1.1
American Indian								
1974	14	0.9	108	0.5	1	0.1	1,111	0.7
1979	4	0.2	131	0.4	6	0.2	1,274	0.7
1980	11	0.7	128	0.4	9	0.3	1,535	0.7
Asian								
1974	3	0.1	73	0.3	2	0.1	1,111	0.7
1979	4	0.2	208	0.6	12	0.4	1,677	0.9
1980	7	0.4	252	0.7	13	0.4	2,431	1.0
Hispanic								
1974	7	0.5	69	0.3	0	0.0	611	0.4
1979	6	0.4	172	0.5	8	0.2	1,226	0.6
1980	8	0.5	207	0.6	6	0.2	1,449	0.6
White & All Other								
1974	1,492	96.4	21,168	96.4	1,476	98.9	152,982	96.8
1979	1,623	96.3	33,636	97.1	3,292	98.5	189,994	96.8
1980	1,558	95.1	35,303	97.1	3,290	98.2	225,121	96.6
Total Minority Headcount								
1974	55	3.6	784	3.6	16	1.1	5,059	3.2
1979	61	3.6	986	2.8	51	1.5	6,438	3.3
1980	80	4.9	1,039	2.9	61	1.8	8,015	3.4
Total Headcount								
1974	1,547	100.0	21,952	100.0	1,492	100.0	158,041	100.0
1979	1,684	100.0	34,622	100.0	3,343	100.0	196,382	100.0
1980	1,638	100.0	36,342	100.0	3,351	100.0	233,136	100.0

Sources: Higher Education General Information Survey, "Fall Enrollment in Institutions of Higher Education" and Department of Education, Division of Vocational-Technical Education.

Within the various categories of minority students the largest increase occurred among Asian students, from 1,111 in 1974 to 2,431 in 1980. The number of Hispanic students increased from 611 in 1974 to 1,449 in 1980.

6. Participation Rates of Prior June High School Graduates

Somewhat less than half of the prior year's high school graduates enrolled immediately in a post-secondary institution in Minnesota in 1980 and 1981. Females enrolled at a higher rate than males.

These statistics, shown in Table 6, do not include high school graduates who enroll in institutions outside of Minnesota. It is estimated that if these students were included, 60 to 65 percent of each high school graduating class enrolls in post-secondary education in the year following completion of high school.

7. New Entering Freshman Participation Rates

The rate of participation by students in Minnesota post-secondary education increased significantly in 1980 and

TABLE 6
PARTICIPATION RATES OF PRIOR JUNE HIGH SCHOOL GRADUATES BY SEX AND SYSTEM[1]
FALL 1980 AND FALL 1981

	Fall 1980			Fall 1981		
System	Male	Female	Total	Male	Female	Total
State Universities	7.56	9.76	8.66	7.83	10.20	9.01
Community Colleges	8.25	8.37	8.31	8.24	8.21	8.22
AVTIs	12.87	11.67	12.27	11.11	10.51	10.81
University of Minnesota	9.63	8.13	8.88	9.98	8.61	9.30
Private Vocational Schools	0.94	1.26	1.10	0.67	1.28	0.97
Private Two-Year Colleges	0.64	0.84	0.74	0.41	0.74	0.58
Private Four-Year Colleges	6.56	8.89	7.73	6.54	9.30	7.91
Total	46.44	48.92	47.68	44.78	48.85	46.81

[1] Does not include students enrolling in institutions outside of Minnesota.

Source: Minnesota Higher Education Coordinating Board.

TABLE 7
NEW ENTERING FRESHMAN PARTICIPATION RATES BY SECTOR
1973-1981

Fall	All Public Systems	All Private Systems	All Collegiate Systems	All Vocational Systems	All Systems
1973	56.43	10.16	41.16	25.43	66.59
1974	58.34	9.40	42.10	25.64	67.83
1975	62.21	10.23	44.65	27.79	72.45
1976	64.89	11.87	45.80	30.96	76.76
1977	65.92	11.09	45.25	31.76	77.01
1978	63.50	10.54	47.17	26.87	74.05
1979	65.08	11.22	48.57	27.73	76.30
1980	68.95	11.69	50.13	30.51	80.64
1981	70.51	14.75	50.85	34.41	85.25

Source: Minnesota Higher Education Coordinating Board.

1981 after remaining relatively stable between 1976 and 1979.

The demand for post-secondary education and students' choices among the various post-secondary education systems can be assessed by a review of new entering freshman participation rates.[3] The rates in this section are higher than those in the preceding section because they include all new entering students, not just prior high school graduates.

As displayed in Table 7, statewide rates of participation increased from 76.30 in 1979 to 80.64 in 1980 and 85.25 in 1981. This compares with a rate of 66.59 in 1973. The rate of participation increased in all sectors between fall 1979 and 1981. The largest gain over the two years was in the vocational systems, from 27.73 in 1979 to 34.41 in 1981.

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[3] New entering freshman participation rates are calculated by dividing the number of fall term, new entering freshmen from a county, by the number of high school graduates from the county the prior June. Even though all new entering freshmen are not recent high school graduates, the participation rates indicate trends in first-time student enrollment behavior.

TABLE 8
ACADEMIC YEAR 1980-81
UNDERGRADUATE TRANSFERS FROM SYSTEMS TO SYSTEMS

System Transferred From:	System Transferred To:							
Source Systems	State University System	Community College System	AVTIs	University of Minnesota	Private Proprietary System	Private Two-Year System	Private Four-Year System	State of Minnesota
State University System	568	927	641	783	48	36	202	3,205
Community College System	1,831	1,034	859	1,537	70	48	470	5,849
AVTIs	382	821	1,645	0	35	3	50	2,936
University of Minnesota	620	1,084	801	769	92	66	363	3,795
Private Two-Year System	127	92	36	67	5	4	89	420
Private Four-Year System	338	489	320	804	39	21	279	2,290
Private Professional System	2	4	8	1	0	0	1	16
Other Minnesota Institutions	34	75	197	3	91	1	31	432
State of Minnesota	3,902	4,526	4,507	3,964	380	179	1,485	18,943
Out-of-State Subtotal	2,080	1,489	966	1,930	72	42	1,168	7,747
TOTAL	5,982	6,015	5,473	5,894	452	221	2,653	26,690

Source: Minnesota Higher Education Coordinating Board.

8. Undergraduate Transfer Activity

During the 1980-81 school year, almost 27,000 students transferred to a post-secondary education institution in Minnesota. Of that total, 18,943 students, or 71 percent, were transfers from one Minnesota institution to another. The remainder, 7,747, came from institutions outside the state.

The largest number of students, 5,849, transferred from the Community College System, as shown in Table 8. The community colleges also received the largest number of transfers from other institutions, 6,015. The other public systems received large numbers of transfer students, ranging from 5,473 in the area vocational-technical institutes to 5,982 at the state universities. Typically, transfer students make up about 25 percent of the students entering post-secondary institutions each year. The 27,000 transfer students in 1980-81 represented an increase of 13 percent over the 23,614 transfer students who enrolled in 1979-80.[4]

9. Total Degrees Awarded

The number of degrees awarded annually in Minnesota post-secondary education remained relatively stable between 1973 and 1980 at 28,000 to 30,000.

The number of degrees awarded declined slightly between 1979 and 1980, as shown in Table 9. The number of baccalaureate degrees awarded has remained near 18,000 since 1975. The number of master's degrees awarded increased each year from 1973 to 1978, but declined slightly in 1979 and 1980. The largest number of associate degrees, 6,307, was awarded in 1980, an increase of over 1,800 since 1973. Professional degrees almost doubled between 1973 and 1979 before declining in 1980.[5]

10. Student Characteristics

Trend data on Minnesota high school juniors are obtained from the Minnesota Post-High School Planning Program (PSPP), a statewide career guidance, testing, information, and planning program. (See Section III.C.3.d.) Information is provided below on trends in aptitude test scores, first choice of post-secondary institutions, and planned field of study.

The aptitude test used in the program is either the Preliminary Scholastic Aptitude Test/National Merit Scholarship Qualifying Test (PSAT/NMSQT) or the School and College Abilities Test (SCAT). The student takes the aptitude test in the fall of the junior

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[4] For additional information on transfer the reader should see: Minnesota Higher Education Coordinating Board, *Transfer Activity of Minnesota Undergraduate Students, Academic Year 1980-81, Basic Data Report* (May 1982).

[5] First professional degrees include dentistry, medicine, optometry, pharmacy, osteopathic medicine, podiatry, veterinary medicine, chiropractic medicine, law, theology, and other fields.

TABLE 9
TOTAL DEGREES AWARDED BY LEVEL
1973-1980

	Degree					
Year	Associate	Bachelor's	Master's	Doctor's	First Professional	All Degrees
1973	4,490	20,155	2,727	557	879	28,808
1974	5,598	19,395	2,786	575	982	29,336
1975	5,141	18,466	2,943	539	1,068	28,152
1976	4,917	18,263	2,978	495	1,185	27,838
1977	5,586	18,228	3,420	522	1,214	28,970
1978	6,006	18,048	3,517	494	1,454	29,519
1979	5,712	18,901	3,331	475	1,654	30,073
1980	6,307	18,631	3,194	502	1,358	29,992

Source: Minnesota Higher Education Coordinating Board.

TABLE 10
MINNESOTA TEST SCORE MEANS AND STANDARD DEVIATIONS FOR MINNESOTA HIGH SCHOOL JUNIORS
1973-1981

Test Score	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82
Verbal Score									
Mean	37.0	37.3	37.3	37.0	36.6	37.2	37.4	38.4	39.4
Standard Deviation	10.9	10.7	11.2	10.5	10.7	10.6	10.6	10.6	10.5
Number	58,587	52,060	48,406	47,849	43,871	41,820	40,838	36,321	34,546
Mathematics Score									
Mean	41.9	42.4	42.6	42.3	42.1	42.8	43.5	44.2	44.4
Standard Deviation	11.8	11.6	11.8	11.7	11.3	11.7	11.7	11.7	11.5
Number	58,577	52,043	48,395	47,764	43,869	41,816	40,805	36,315	34,523

Source: Minnesota Higher Education Coordinating Board — Post-High School Planning Program.

year. Both the PSAT/NMSQT and SCAT have been administered since 1973 by Minnesota high schools.

The Plans and Background Survey (PBS) is the questionnaire given in the spring of the junior year; it has remained similar in form and content since 1968. It serves as the basis for assessing trends on choice of institution and planned field of study.

The data are based on all Minnesota high school juniors who participated in the program. Approximately 50 percent of the juniors took one of the PSPP aptitude tests. The percentage of juniors answering the questionnaire ranged from 90 percent in 1972 to 71 percent in 1982.

Aptitude Test Scores: Aptitude test score means for juniors participating in the program increased from 1977 to 1981, as indicated in Table 10 and Figure 1.[6] The verbal mean score for participating Minnesota high school juniors increased 2.8 points, from 36.6 in 1977 to 39.4 in 1981. The mathematics mean score increased from 42.1 in 1977 to 44.4 in 1981, or 2.3 points.

The total number of test-takers decreased from 58,577 in 1973 to 34,523 in 1981; the number of students taking the PSAT/NMSQT increased while the number taking the SCAT declined.[7]

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[6] The Minnesota test score resulted from the student taking either the PSAT/NMSQT or the SCAT. The tests measure verbal ability and mathematics ability with a score range of 10 to 80.

[7] For additional trend data see: Minnesota Higher Education Coordinating Board, Post-High School Planning Program, *Summary of Responses on the Plans and Background Survey and Aptitude Test Score Trends for Minnesota High School Juniors, 1971-1982* (September 1982).

FIGURE 1
MINNESOTA TEST SCORE MEANS AND STANDARD DEVIATIONS FOR MINNESOTA HIGH SCHOOL JUNIORS
1973 – 1981

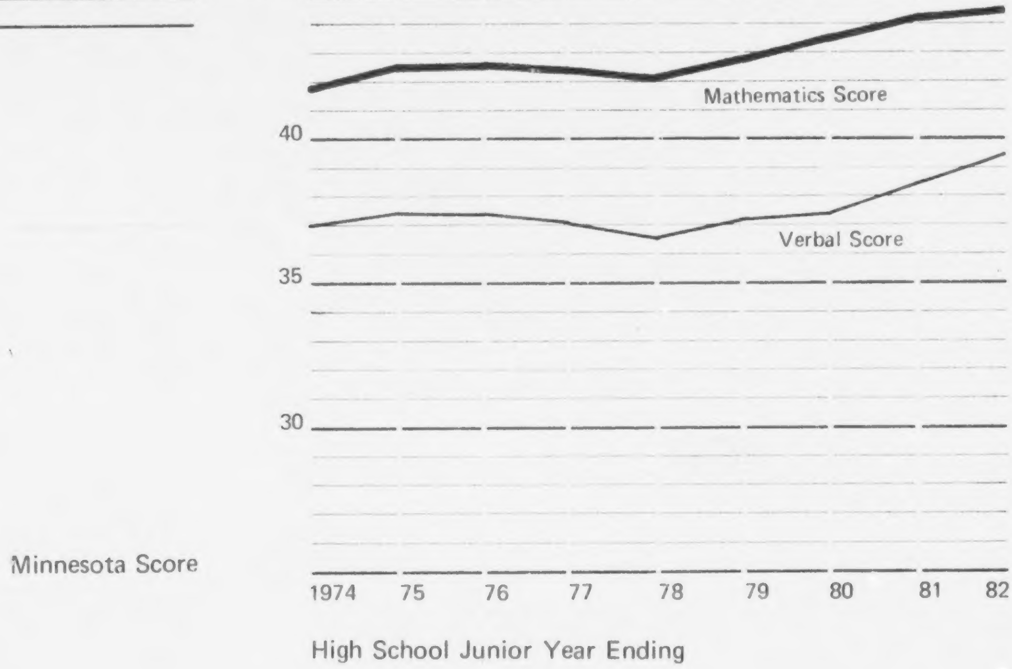


TABLE 11
MINNESOTA HIGH SCHOOL JUNIORS
FIRST CHOICE POST-SECONDARY INSTITUTION
1971-1982

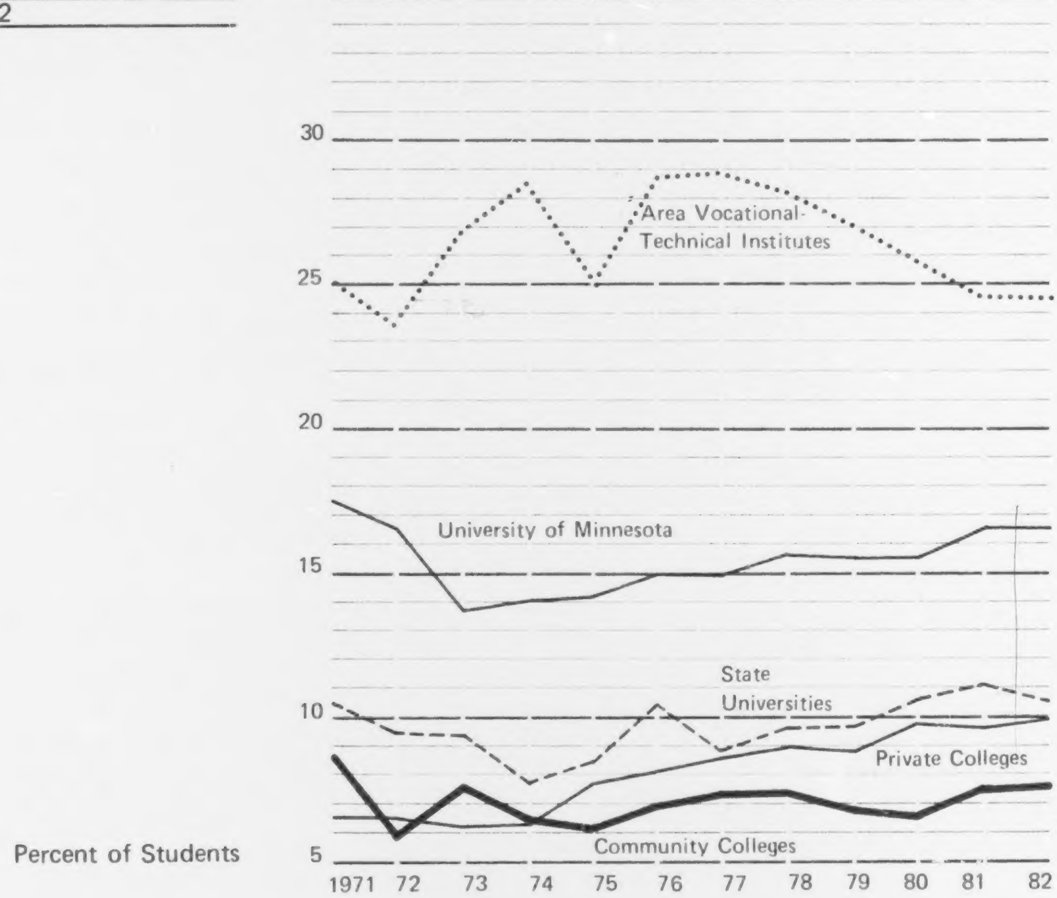
	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
University of Minnesota	17.5%	16.6%	13.8%	14.0%	14.2%	15.0%	15.0%	15.6%	15.4%	15.4%	16.4%	16.4%
Private College	6.4	6.3	6.1	6.2	7.8	8.1	8.8	9.0	8.9	9.8	9.7	10.0
State University	10.5	9.4	9.2	7.8	8.3	10.4	8.9	9.7	9.8	10.6	11.1	10.6
Community College	8.7	5.9	7.6	6.6	6.2	6.9	7.2	7.3	6.9	6.6	7.4	7.6
Area Vocational-Technical Institute	25.1	23.6	27.0	28.6	25.1	28.8	28.9	28.1	27.0	25.8	24.4	24.6
Other Minnesota School	6.1	6.4	5.7	2.9	2.8	3.9	3.6	3.5	3.8	3.6	3.1	4.6
Non-Minnesota School	7.4	6.8	7.7	8.3	6.7	8.4	7.9	8.9	9.8	9.9	9.7	10.7

Source: Minnesota Higher Education Coordinating Board, Post-High School Planning Program.

First Choice of Post-Secondary Institution: Since 1973, an increasing percentage of high school juniors responding to the Plans and Background Survey have listed the University of Minnesota and Minnesota private four-year colleges as their first choice. The percentage of students selecting the University of Minnesota as a first choice rose from 13.8 percent in 1973 to 16.4 percent in 1982. The proportion of students choosing Minnesota private colleges increased from 6.1 percent in 1973 to 10 percent in 1982. These trends are shown in Table 11 and Figure 2.

The percentage of juniors listing a state university as their first choice

FIGURE 2
MINNESOTA HIGH SCHOOL JUNIORS
FIRST CHOICE POST-SECONDARY INSTITUTION
1971 – 1982



fluctuated between 1973 and 1982, with a low of 7.8 in 1974 and a high of 11.1 in 1981.

The community college first choice percentage ranged from a low of 5.9 in 1972 to highs of 7.6 in 1973 and 1982.

The area vocational-technical institutes declined as a first-choice post-secondary school, from 28.9 percent in 1977 to 24.6 percent in 1982.

The percentage of high school juniors choosing a non-Minnesota post-secondary institution increased from 7.9 percent in 1977 to 10.7 percent in 1982.

The relative order of first-choice Minnesota post-secondary institutions has remained constant since 1975 – AVTIs, University of Minnesota, state universities, private colleges, and community colleges.

Planned Field of Study: Increasing percentages of students responding to the survey between 1975 and 1982 indicated plans to major in business, engineering, and computer science. Interest in health, agriculture, and education declined during the period, as displayed in Table 12 and Figure 3.

The highest percentage of high school juniors, 15.4 percent, were interested in majoring in business in 1982. This compared to 7.0 percent in 1971.

Computer science had the greatest trend increase, with 1.3 percent of the students interested in 1974 and 5.9 in 1982. Interest in computer science surpassed interest in engineering for the first time in 1982.

The fields of study in health decreased in student interest from a high of 12.9 percent in 1975 to 10.1 percent in 1981. The trend was ended in 1982 with an increase to 11.5 percent.

TABLE 12
MINNESOTA HIGH SCHOOL JUNIORS PLANNED FIELD OF STUDY
1971-1982

Field of Study	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
Agriculture	2.8%	3.9%	4.6%	7.3%	8.1%	8.6%	8.5%	8.1%	7.4%	5.7%	5.5%	5.0%
Architecture	—	—	—	2.4	2.3	2.4	2.5	2.8	2.8	2.6	2.3	2.1
Art	3.4	4.7	4.3	3.6	3.8	4.0	3.8	4.2	4.0	3.5	3.2	2.9
Athletics	—	—	—	2.9	3.0	2.9	2.8	2.7	2.6	2.2	2.2	1.9
Biological Science	1.3	1.6	1.7	1.6	1.2	1.3	1.3	1.3	1.2	1.2	1.3	1.2
Business	7.0	10.2	10.8	12.9	12.7	13.2	13.9	15.0	15.2	14.3	15.5	15.4
Communications	—	—	—	1.8	2.2	2.0	2.2	2.3	2.3	2.5	2.5	2.8
Computer Science	—	—	—	1.3	1.3	1.2	1.5	1.8	2.2	2.7	3.8	5.9
Home Ec/Consumer Serv.	3.7	3.7	3.3	2.6	5.3	5.5	5.6	6.1	5.9	5.0	4.7	4.7
Construction Mechanics	2.3	3.7	4.0	3.5	3.7	3.8	4.2	4.7	4.9	3.6	3.1	2.6
Education	5.5	5.8	5.2	3.8	4.0	4.1	3.6	3.4	3.0	3.3	3.3	3.0
Engineering	3.0	3.2	3.2	3.0	3.2	3.1	3.5	3.8	4.4	5.0	5.7	5.8
Foreign Languages	—	—	—	.4	.4	.4	.3	.4	.3	.3	.4	.4
Health	9.5	10.4	11.3	12.3	12.9	12.5	11.5	11.1	10.9	10.2	10.1	11.5
Humanities	.9	.8	.8	.7	.8	.8	.7	.7	.6	.7	.7	.7
Math/Sciences	2.6	2.2	2.0	1.6	1.6	1.6	1.7	1.6	1.5	1.7	1.6	1.7
Mechanics	6.5	6.9	6.6	6.5	6.6	7.6	7.5	7.3	7.2	6.3	6.5	6.6
Music	—	—	—	1.9	2.1	2.0	2.0	2.2	2.2	1.9	1.8	1.7
Public Service	—	—	—	5.0	4.7	4.6	4.6	4.0	3.6	2.9	3.2	3.4
Religion	.5	.6	.6	.7	.5	.5	.4	.3	.3	.3	.3	.3
Social Science	5.9	5.5	5.5	3.0	3.2	3.4	3.5	3.4	3.5	3.9	3.7	4.1
Transportation	—	—	—	1.4	2.1	2.3	2.2	2.3	2.7	2.1	2.0	1.9
Not Listed	6.3	6.6	7.0	2.8	5.8	5.7	5.3	5.1	4.8	3.2	2.7	2.8
No Response	24.0	14.0	13.9	5.0	8.3	6.8	6.8	5.4	6.4	14.8	14.0	11.7

Source: Minnesota Higher Education Coordinating Board, Post-High School Planning Program.

Interest in education declined over the 10-year period from 5.8 percent of the respondents in 1972 to 3.0 percent in 1982.

Interest in agriculture fluctuated with 2.8 percent of respondents expressing an interest in 1971, 8.6 percent in 1976, and 5 percent in 1982.

D. MINNESOTA POST-SECONDARY EDUCATION ENROLLMENT PROJECTIONS

Responding to changes in enrollments is one of the most urgent challenges facing post-secondary education in Minnesota. Projected enrollment trends, summarized in this section, indicate that all systems will experience declines. In fact, public post-secondary enrollments, which grew rapidly in the 1970s, have peaked and started to decline. By the end of the 1983-85 biennium, enrollments are expected to be approximately 7 percent below 1981-82 levels. The timing and degree of enrollment decreases will be different from each system and institution depending on its mission, geographic location, and mix of programs.

Introduction: Current and projected enrollment trends by system, institutions, level of instruction, and region form a primary basis for post-secondary educational planning and decision-making. The number and location of Minnesota residents seeking post-secondary educational services determine the need for institutions, programs and related services. If public institutions are to remain responsive to residents of Minnesota and if the governor and legislature are to make financing decisions to support the public post-secondary education system, accurate enrollment projections are necessary. Current decisions must be made in the context of long-term enrollment trends.

The projections are for full-year equivalent enrollments (FYE) for the public collegiate systems and average daily membership (ADM) for the area vocational-technical institutes.[8] The Coordinating Board staff also prepares headcount projections for each public

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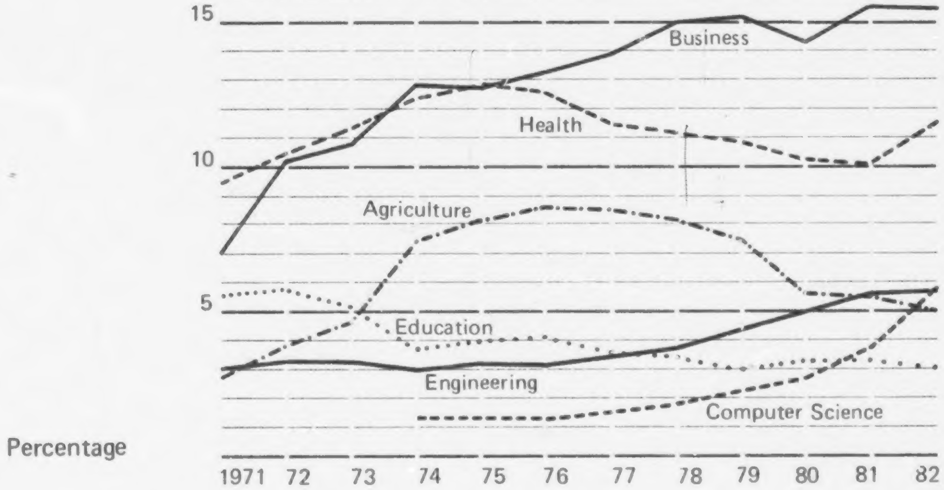
[8] Total full-year equivalent enrollment counts result from dividing the total number of credit hours generated in a year by the normal, full-time student credit hour load at an institution. One average daily membership is defined as 175 school days times 6 hours of instruction, or 1,050 clock hours.

FIGURE 3
MINNESOTA HIGH SCHOOL
JUNIORS PLANNED FIELD OF STUDY
1971 – 1982



institution as well as enrollments by level of instruction. The Board does not project enrollments for private institutions.

The model used to project institutional enrollments is based on an extrapolation of known demographic conditions and current enrollments in post-secondary institutions. As the projections are updated each year, the most recent trends are used to modify previous conditions.

The primary elements in the model are the number of live births, elementary and secondary school enrollments, high school graduates, new entering freshmen in post-secondary education by county of residence, headcount enrollments by level of instruction, and full-year equivalent and average daily membership enrollment. A more detailed explanation of the model appears in the Board's most recent report on enrollment projections.[9] This document also contains projections for each public institution. Updated projections will be available for the governor and legislature in early 1983.

Enrollment rates and patterns are subject to many factors which policy-makers cannot predict. Examples are economic conditions and the quality of institutional leadership. Rather than attempting to project a single enrollment figure, the Board projects a high and low range of enrollments for each system and institution.

Summary of Demographic Trends: Minnesota experienced a dramatic decrease in annual live births between 1959 and 1974, with annual live births declining by 40 percent from 88,390 to 53,783. Live births have remained relatively stable in Minnesota since 1974. Live births are a primary determinant of elementary and secondary school enrollments and the number of high school graduates 18 years later. The dramatic decline in live births during the 1960s will result in a similar decrease in the traditional college-age population during the 1980s and 1990s.

Projected high school graduates in Minnesota are presented in Table 13. The curve of projected high school graduates in Minnesota is almost parallel to the live birth curve 18 years earlier. It is estimated that the number of high school graduates in Minnesota will decrease from a high point of 70,358 in 1980 to a low point of 46,364 in 1992, or more than 34 percent.

The projected number of high school graduates varies by planning region. Planning regions are shown in Figure 4. For example, the metropolitan planning region is projected to experience a drop of high school graduates of almost 39 percent between 1980 and 1992. Planning Region 7W, in comparison, is projected to experience a decline of only 15 percent by 1996

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[9] Minnesota Higher Education Coordinating Board, ***Minnesota Public Post-Secondary Enrollment Projections 1981-82 to 2000-01: Staff Technical Paper*** (December 1981).

TABLE 13
PROJECTED HIGH SCHOOL GRADUATES BY PLANNING REGION 1981-1997

Region	1981	1985	1989	1993	1997
1	1,904	1,495	1,498	1,400	1,545
2	1,138	895	957	890	1,139
3	5,639	4,353	4,581	3,937	4,722
4	3,402	2,628	2,668	2,395	2,945
5	2,558	2,095	2,137	1,947	2,420
6E	2,047	1,690	1,686	1,718	1,845
6W	1,085	874	823	771	853
7E	1,775	1,555	1,760	1,661	2,080
7W	4,370	3,813	3,825	3,716	4,448
8	2,451	1,957	1,814	1,849	1,697
9	3,805	2,941	2,912	2,653	3,036
10	7,056	5,623	5,649	4,783	5,240
11	30,854	25,871	25,446	20,343	21,453
TOTAL	68,089	55,793	55,756	48,063	53,423

Source: Minnesota Higher Education Coordinating Board.

and then increase above 1980 levels by the end of the century.

In summary, the projected decrease in high school graduates in Minnesota varies by region. Because many public post-secondary institutions provide access to education for local and regional populations, they will be affected differently by the number of high school graduates. Institutions located in areas of relative stability or growth in high school graduates will benefit as those students move through high school and into post-secondary education. Conversely, institutions located in areas of the state with severe decreases in high school graduates likely will experience sharply declining enrollments.

Projected Enrollments, Public Collegiate Systems: Enrollments in the public collegiate systems are projected to decline about 20-24 percent from current levels to a low of 82,000 to 87,000 in the mid-1990s, when they will begin to increase slowly. Individual institutions will vary from this overall pattern with some institutions experiencing increases and others losing enrollments immediately.

Area Vocational-Technical Institutes: Enrollments in the area vocational-technical institutes are projected to remain at approximately current levels for the next six to eight years, then drop to a low point in the mid-1990s, 18-22 percent below current levels, as shown in Figure 5. The percentage decrease anticipated in the area vocational-technical institutes currently is less than the drop projected for the collegiate systems combined.

Projecting enrollments for the area vocational-technical institutes is difficult. Because programs in the AVTIs are tied closely to the labor market, economic trends can affect enrollment quickly and significantly. The model used by the Coordinating Board is not sensitive to short-term fluctuations such as economic recessions. Second, it is difficult to anticipate technological changes which could affect instructional programs in the AVTIs. New programs can be opened quickly, and existing programs can be terminated. When the economy is strong, high school graduates and others can find employment opportunities without the benefit of additional, specialized training.

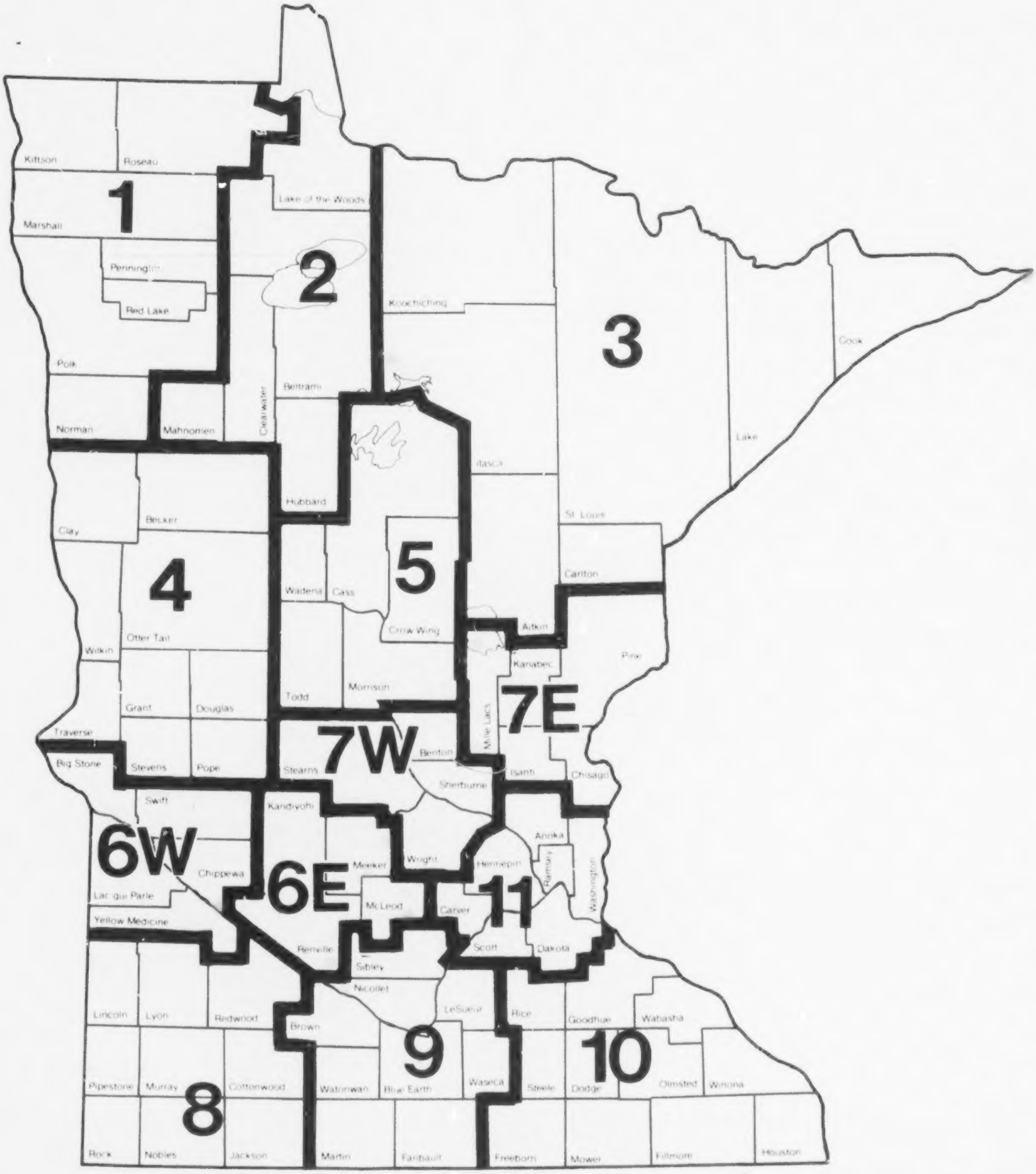
Community College System: The projected enrollment decrease in the community colleges — 10-13 percent by the mid-1990s — is the smallest of the four public systems in Minnesota. Total enrollments in the Community College System are projected to decrease slightly during the next few years with a greater decline occurring later.

State University System: The State University System is projected to experience enrollment decreases of 20-25 percent by the mid-1990s. These projections do not include enrollments for off-campus graduate instruction, summer session or Metropolitan State University.

University of Minnesota: Total enrollments in the University of Minnesota system are expected to decrease slightly during the next few years, as shown in Figure 6. Then the decline is expected to accelerate. By the mid-1990s enrollments at the University of Minnesota are projected to be 25-30 percent below current levels, the most severe drop among all the public systems.

FIGURE 4

MINNESOTA PLANNING REGIONS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Marshall
Pennington
Red Lake
Koochiching
Cook
Polk
Beltrami
Clearwater
Norman
Mahnomen
Lake
Itasca
Hubbard
Clay
Becker
St. Louis
Wadena
Cass
Carlton
Crow Wing
Aitkin
Wilkin
Otter Tail
Pine
Kanabec
Grant
Douglas
Todd
Morrison
Mille Lacs
Traverse
Benton
Big Stone
Stevens
Pope
Stearns
Isanti
Chisago
Sherburne
Swift
Kandiyohi
Anoka
Meeker
Wright
Hennepin
Ramsey
Washington
Chippewa
Lac qui Parle
McLeod
Carver
Yellow Medicine
Renville
Scott
Dakota
Sibley
Nicollet
Lincoln
Lyon
Redwood
Brown
LeSueur
Rice
Goodhue
Wabasha
Pipestone
Murray
Cottonwood
Watonwan
Blue Earth
Waseca
Steele
Dodge
Olmsted
Winona
Rock
Nobles
Jackson
Martin
Faribault
Freeborn
Mower
Fillmore
Houston

FIGURE 5
PROJECTED AVERAGE DAILY MEMBERSHIP ENROLLMENTS
AREA VOCATIONAL-TECHNICAL INSTITUTES
1980-81 TO 2000-01

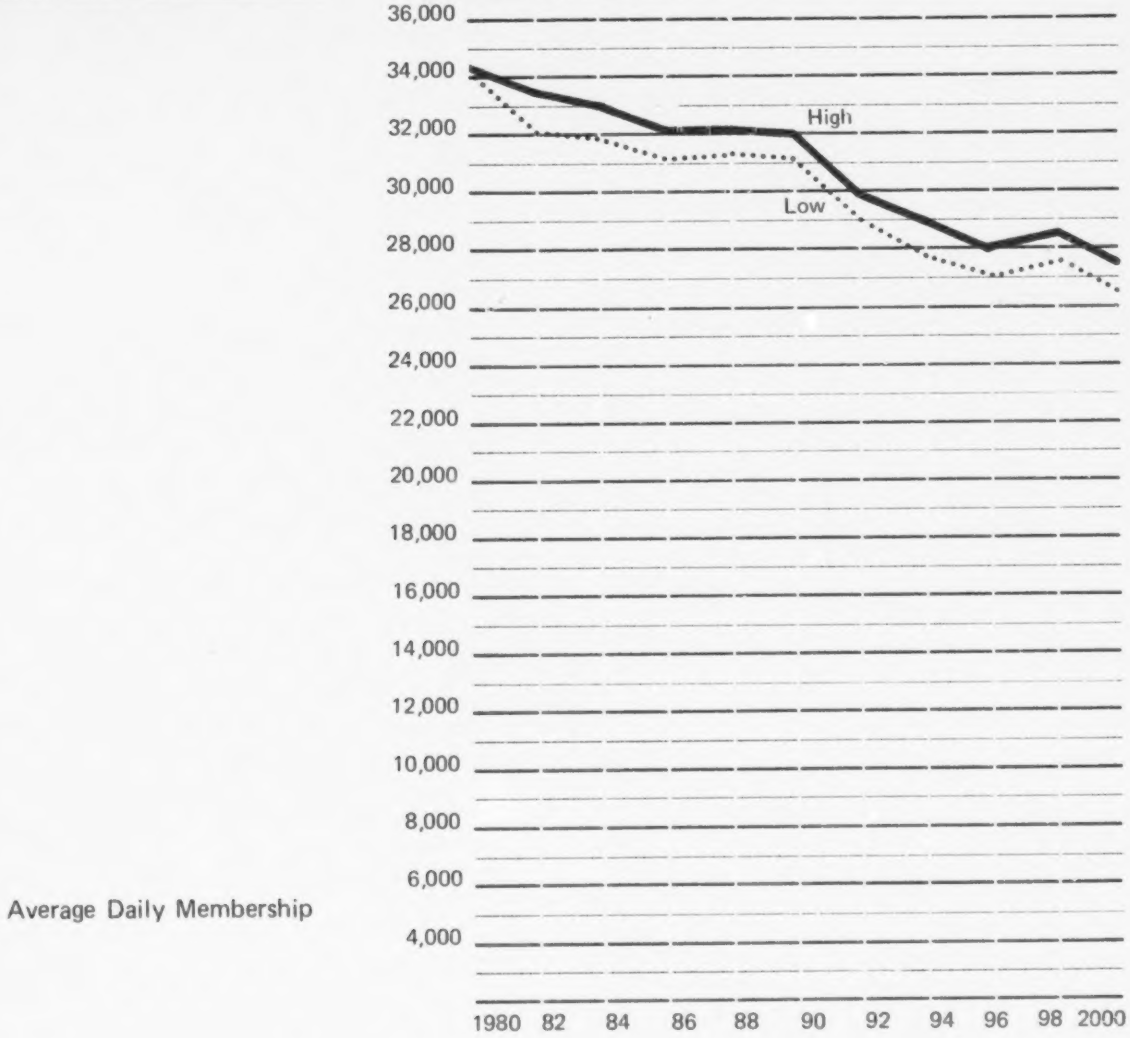
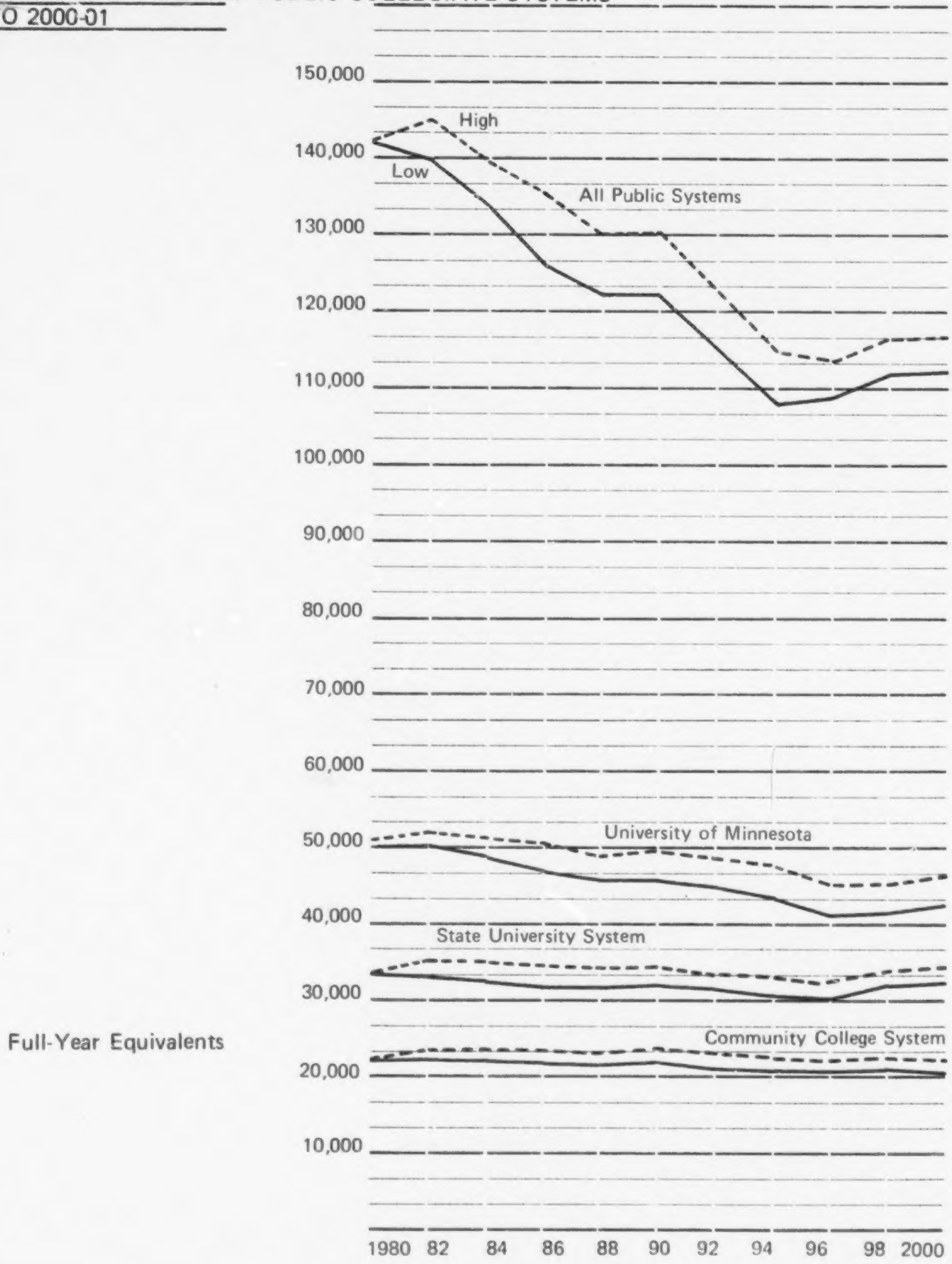


FIGURE 6
PROJECTED FULL-YEAR EQUIVALENT ENROLLMENTS
BY ALL PUBLIC SYSTEMS AND PUBLIC COLLEGIATE SYSTEMS
1980-81 TO 2000-01



E. MINNESOTA INVESTMENT IN POST-SECONDARY EDUCATION

Deciding how much to invest in post-secondary education and how to allocate those funds is one of the primary policy decisions made by the legislature. A central issue is determining who should pay for post-secondary education and how much they should contribute; that is, how much of the cost of the service should students finance through tuition and how much should the state provide through appropriations. Another key issue is deciding the proportion of the state's investment that should be allocated directly to students through financial aid and the percentage that should go directly for institutional support. Another main consideration is the amount of public assistance to be provided to private institutions through public programs. In order to address these issues, an understanding of significant trends is necessary. This section highlights trends in costs to the student, financial aid, appropriations, and instructional costs.

1. Price to the Student

The cost of attending a Minnesota college in Fiscal Year 1983, as measured by constant dollar tuition and fee charges, was greater at the University of Minnesota and in the private four-year colleges than it was in Fiscal Year 1971. Meanwhile, the constant dollar price charged to students in community colleges and state universities was less in 1983 than it was in 1971. In other words, increases in tuition and fees increased more slowly than the Consumer Price Index for these two systems. During this period, per capita income in Minnesota increased, and there was a significant expansion of state and federal student financial assistance programs.

The difference, or gap between tuition and fees in the public colleges and the private four-year colleges, as measured in constant dollars, was greater in 1983 than it was in 1971. The gap between the private colleges and the University of Minnesota increased by $67, or 5.8 percent. For the state universities the gap grew by $118, or 9.1 percent; for the community colleges the increase was $152, or 11.5 percent.

The cost of tuition and fees at the University of Minnesota increased by 189 percent between Fiscal Year 1971 and 1983. Adjusted for inflation, the increase was 6.7 percent, as indicated in Table 14.

Current dollar tuition and fee charges increased 159.6 percent in the state universities and 132 percent in the community colleges. But the cost to a student attending a state university fell 4.2 percent in constant dollars. For a community college student the constant dollar price declined by slightly over 14 percent. The cost of attending a private four-year college rose 187 percent in current dollars but increased 6.1 percent in terms of 1971 dollars.

Tuition represents the basic price charged by an institution to a student for enrolling in post-secondary education. Since virtually every post-secondary institution requires some fees in addition to tuition for a full-time student, tuition and required fees more accurately represent total charges by an institution to a student.

TABLE 14
REQUIRED TUITION AND FEE CHARGES
FULL-TIME RESIDENT UNDERGRADUATES
FISCAL YEAR 1971 – FISCAL YEAR 1983

Fiscal Year	University of Minnesota		State University System		Community College System		Private Four-Year Colleges[1]	
	Current[2]	Constant[3]	Current[4]	Constant[3]	Current	Constant[3]	Current	Constant[3]
1971	$ 522	$522	$379	$379	$353	$353	$1,671	$1,671
1972	525	508	416	403	386	374	1,795	1,738
1973	641	599	416	389	386	361	1,933	1,807
1974	683	587	453	390	420	361	2,029	1,746
1975	714	554	479	372	420	326	2,203	1,709
1976	772	556	519	374	461	332	2,382	1,716
1977	815	556	545	372	495	338	2,576	1,756
1978	927	585	590	372	518	327	2,882	1,819
1979	994	569	608	348	540	309	2,999	1,716
1980	1,060	543	675	346	574	294	3,284	1,682
1981	1,185	528	741	330	637	284	3,674	1,637
1982[2]	1,263	511	802	326	697	282	4,192	1,698
1983[2]	1,507	557	984	363	820	303	4,799	1,773
Percent Change 1971-1983	188.69	6.7%	159.63%	(–4.22%)	132.29%	(–14.16%)	187.19%	6.1%

[1] Schools in the Minnesota Private College Council.

[2] Tuition and required fees at College of Liberal Arts, Twin Cities Campus, Morris and Duluth.

[3] Estimated constant dollars, 1971 = 100.

[4] Mandatory fees of up to $65 per quarter may be charged in state universities. Some schools do not, however, charge up to the limit.

Source: Minnesota Higher Education Coordinating Board.

TABLE 15
CHANGES IN MINNESOTA PER CAPITA INCOME AND PUBLIC POST-SECONDARY EDUCATION TUITION RATES FISCAL YEARS 1971-1983

			State University System		Community College System		University of Minnesota		AVTIs	
Fiscal Year	Current Per Capita Income	Constant Per Capita Income[1]	Current Tuition	Constant Tuition	Current Tuition	Constant Tuition	Current Tuition	Constant Tuition	Current Tuition	Constant Tuition
1971	$ 3,814	$3,814	$304	$304	$291	$293	$ 399	$399		
1972	4,122	3,991	326	316	326	316	399	386		
1973	4,526	4,220	326	305	326	305	504	471		
1974	5,005	4,308	360	310	360	310	546	470		
1975	5,461	4,236	371	286	360	279	567	440		
1976	6,033	4,346	405	292	394	284	630	454		
1977	6,648	4,532	416	284	440	300	663	452		
1978	7,424	4,684	461	291	453	286	762	481		
1979	8,404	4,810	479	274	482	276	813	465	$360	$206
1980	9,218	4,723	513	263	502	257	870	446	360	184
1981	10,269	4,575	579	258	578	256	991	442	384	171
1982[2]	10,953	4,436	640	259	638	258	1,053	427	450	182
1983			794	293	761	281	1,284	474	576	212
Percent Change 1971-1983			161%	(–3.6%)	162%	(–4.1%)	222%	18.8%	60%	2.9%

[1] Twin Cities Consumer Price Index, 1971 = 100.

[2] Estimated.

Source: Minnesota Higher Education Coordinating Board.

2. Tuition Price and Per Capita Income

Between Fiscal Year 1971 and 1982, per capita income in Minnesota, in constant dollars, increased from $3,814 to $4,436, or 16.3 percent.[10] In current dollars, per capita income in Minnesota increased from $3,814 to $10,953.

Tuition price in constant dollars in the community colleges and state universities declined between 1971 and 1982, as shown in Table 15. In the community colleges, tuition in constant dollars was $281 in fall 1982 compared with $293 in fall 1971, a decrease of 4.1 percent. Tuition price in the state universities was $293 in fall 1982 compared to $304 in fall 1971, a decline of 3.6 percent. Tuition price declined in relative terms while per capita income increased.

At the University of Minnesota, changes in tuition price paralleled more closely changes in per capita income. In 1971, tuition at the University of Minnesota was $399. In fall 1982, tuition, in constant dollars, was $474, an increase of 18.8 percent.

Tuition was not imposed for Minnesota residents enrolled in area vocational-technical institutes until 1979. In 1979 dollars, tuition in the AVTIs was $206. In fall 1982, tuition was $212, or 2.9 percent higher than it was in 1979. This suggests that increases in tuition in the AVTIs kept pace with per capita income due to the 28 percent tuition increase imposed for fall 1982.

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[10] Based on the Twin Cities Consumer Price Index.

TABLE 16
STATE APPROPRIATIONS FOR STUDENT ASSISTANCE
FISCAL YEARS 1968-1983

	1968	1969	1970	1971	1972	1973	1974	1975
Grants								
Scholarships		250,000	575,000	857,000	1,590,000	2,500,000	3,175,000	3,875,000
Grant-in-Aid			200,000	600,000	1,040,000	2,200,000	3,125,000	3,875,000
Nursing Grants	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000
Subtotal	125,000	375,000	900,000	1,582,000	2,755,000	4,825,000	6,425,000	7,775,010
AVTI Subsidy								
Part-Time Grant								
Vets Dependents								10,000
TOTAL	125,000	375,000	900,000	1,582,000	2,755,000	4,825,000	6,425,000	7.785,000
Loans and Work Study								
GSLP[1]							579,000	15,800,000
MMOLP[2]							232,300	300,722
Foreign Student								80,000
TOTAL	–	–	–	–	–	–	811,300	16,180,722
Reciprocity								
TOTAL ALL PROGRAMS	125,000	375,000	900,000	1,582,000	2,755,000	4,825,000	7,236,300	23,965,732
TOTAL STATE MONIES[4]	125,000	375,000	900,000	1,582,000	2,755,000	4,825,000	6,425,000	7,865,010

[1] Guaranteed Student Loan Program amounts reflect loan advances.

[2] Minnesota Medical and Osteopathy Loan Program.

[3] Included in Grants-in-Aid subsequent to FY 1977.

[4] Total all programs less GSL & MMOLP which are financed by issuance of tax exempt revenue bonds by the Minnesota Higher Education Coordinating Board.

[5] The Fiscal Year 1983 appropriation was reduced by $1.9 million under Chapter 2, *Third Special Session 1981; Minn. Laws 1982,* Chapter 641 called for an additional reduction of $1,265,000 in Fiscal Year 1983. This was to be done at the end of the fiscal year through refunds.

*Projected figures.

3. Financial Aid Trends

Between 1969 and Fiscal Year 1982 state appropriations for financial aid grew from $375,000 to $36 million (excluding reciprocity).

A history of state appropriations for financial aid programs appears in Table 16. Total funding for all state student aid programs, including loan programs and reciprocity, peaked at $140,507,500 in Fiscal Year 1981 and is expected to total $120,710,400 in Fiscal Year 1983. The loans are financed by the sale of tax-exempt revenue bonds and require no state appropriations.

Minnesota's support for financial aid continues to rank high nationally. Based on estimates for the 1981-82 school year, Minnesota ranked fourth in need-based aid by providing $7.85 per person. Minnesota trailed New York, Vermont, and Illinois in the per capita funding. The national average for all need-based grant programs was estimated to be $4.08 per person. Minnesota ranked seventh in both the dollar amount of awards and in the number of need-based awards. These estimates were consistent with studies from previous years. Minnesota ranked 25th among the states in average award size.[11]

Between Fiscal Years 1979 and 1982 applications to the State Scholarship and Grant Program rose from 51,248 to 77,389, and the number of awards offered increased from 32,749 to

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[11] Annual survey of National Association of State Scholarship and Grant Programs. According to preliminary figures for 1982-83, Minnesota ranked seventh in the number of awards and ninth in dollar amount of awards. Minnesota ranked 31st in average award size.

TABLE 16 (Continued)
STATE APPROPRIATIONS FOR STUDENT ASSISTANCE
FISCAL YEARS 1968-1983

	1976	1977	1978	1979	1980	1981	1982	1983
Grants								
Scholarships	5,000,000	5,750,000	7,589,033	9,163,951	10,096,400	11,521,200	12,193,500	11,632,500
Grant-in-Aid	8,500,000	9,400,000	13,650,000	16,650,000	12,103,000	15,298,800	18,141,900	17,373,700
Nursing Grants	125,000	125,000[3]					148,400	75,000
Subtotal	13,625,000	15,275,000	21,239,033	25,813,951	22,200,000	26,820,000	30,483,800	29,081,200[5]
AVTI Subsidy				3,600,000	1,792,500	1,792,500	1,400,000	1,400,000
Part-Time Grant			250,000	500,000	375,000	375,000	300,000	300,000
Vets Dependents	10,000	10,000	10,000	10,000	2,000	2,000	1,200	1,200
TOTAL	13,635,000	15,285,000	21,499,033	29,923,951	24,369,500	28,989,500	32,185,000	30,782,400
Loans and Work Study								
GSLP[1]	22,900,000	24,700,000	27,700,000	38,500,000	51,500,000	98,000,000*	86,500,000	80,000,000*
MMOLP[2]	315,850	303,800	463,000	475,000	576,000	510,000*	318,000	192,000*
Work Study	500,000	1,250,000	1,600,000	1,600,000	2,600,000	3,600,000	3,891,000	4,067,000
Foreign Student	80,000	80,000	80,000	80,000	45,000	45,000	–	–
TOTAL	23,795,850	26,333,800	29,843,000	40,655,000	54,721,000	102,155,000	90,710,000	84,259,000
Reciprocity	4,732,938	4,907,700	6,094,870	6,627,800	10,075,500	9,363,000	5,300,000	5,669,000
TOTAL ALL PROGRAMS	42,163,788	46,526,500	57,436,903	77,206,751	89,166,000	140,507,500	128,195,000	120,710,400
TOTAL STATE MONIES[4]	18,947,938	21,522,700	29,273,903	38,231,751	37,090,000	41,997,500	41,377,000	40,518,400

[1] Guaranteed Student Loan Program amounts reflect loan advances.

[2] Minnesota Medical and Osteopathy Loan Program.

[3] Included in Grants-in-Aid subsequent to FY 1977.

[4] Total all programs less GSL & MMOLP which are financed by issuance of tax exempt revenue bonds by the Minnesota Higher Education Coordinating Board.

[5] The Fiscal Year 1983 appropriation was reduced by $1.9 million under Chapter 2, *Third Special Session 1981; Minn. Laws 1982,* Chapter 641 called for an additional reduction of $1,265,000 in Fiscal Year 1983. This was to be done at the end of the fiscal year through refunds.

*Projected figures.

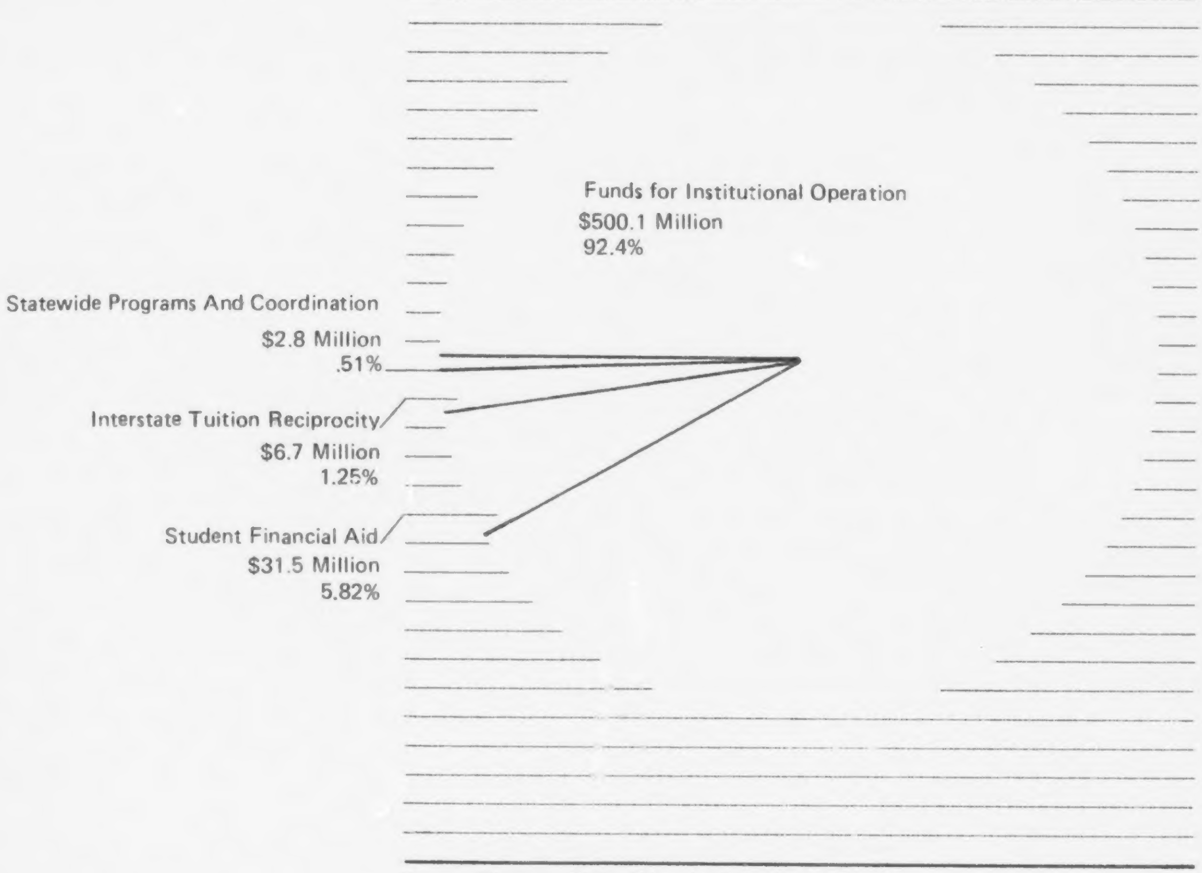
47,475. Demand for the State Student Loan Program more than tripled between Fiscal Year 1975 and 1981 but began to decrease in Fiscal Year 1982 and the early part of Fiscal Year 1983.

4. Relative State Investment in Post-Secondary Education

Total state funding for post-secondary education in Fiscal Year 1982 was $541.1 million, as shown in Figure 7. Of that amount, $500.1 million, or 92.42 percent, was for institutional operations. State funding for student financial aid in Fiscal Year 1982 totaled $31.5 million, or 5.82 percent of all appropriations. In Fiscal Year 1980 state funding for financial aid constituted 4.97 percent of total state funding for post-secondary education. Interstate tuition reciprocity programs with North Dakota, South Dakota, and Wisconsin received $6.7 million in state support, or 1.25 percent of the total investment in post-secondary education in Fiscal Year 1982. Statewide programs and coordination activities received $2.8 million, or .51 percent of all funds. Funds for statewide programs and coordination include support for the Minnesota Interlibrary Telecommunications Exchange (MINITEX), the Post-High School Planning Program (PSPP), financial aid administration, the Coordinating Board, and the Board-administered regional centers which were phased out during Fiscal Year 1982.

Of those funds made available for institutional operation, the largest proportion went to the University of Minnesota, $253.8 million, or 50.76 percent, as shown in Figure 8. The

FIGURE 7
RELATIVE STATE INVESTMENT
IN POST-SECONDARY EDUCATION
FISCAL YEAR 1982



Source: Minnesota Higher Education Coordinating Board

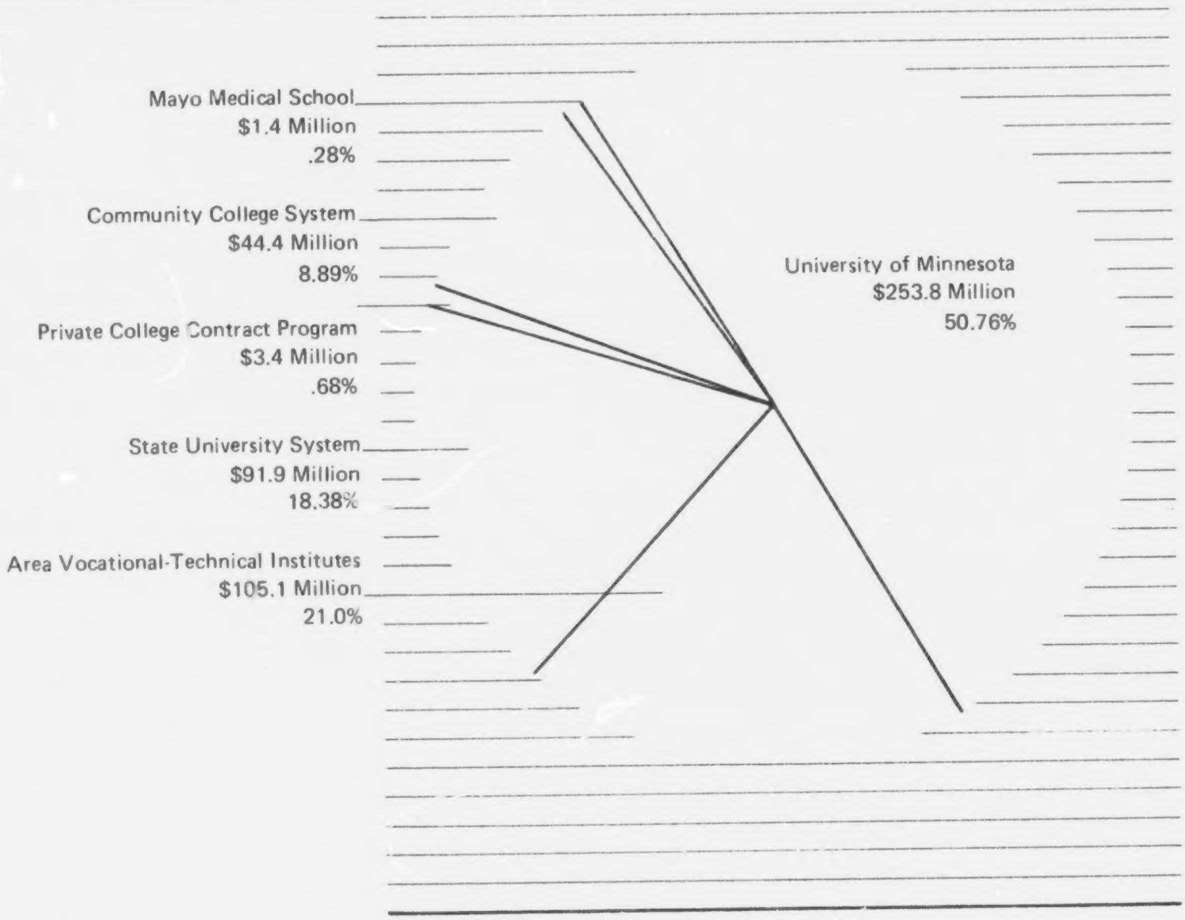
Private College Contract Program received $3.4 million, or .68 percent of funds for institutional operations. Public systems of post-secondary education received 99.04 percent of all funds for institutional operations.

State funds for student financial aid are presented in Figure 9. Students enrolling in private colleges received 43 percent of all money awarded in Fiscal Year 1982; students awarded in public systems received 57 percent of student financial aid dollars. Figures are based on the Scholarship and Grant Program, the Work-Study Program, the Part-time Student Grant Program, and the AVTI Tuition Subsidy Program.

FIGURE 8

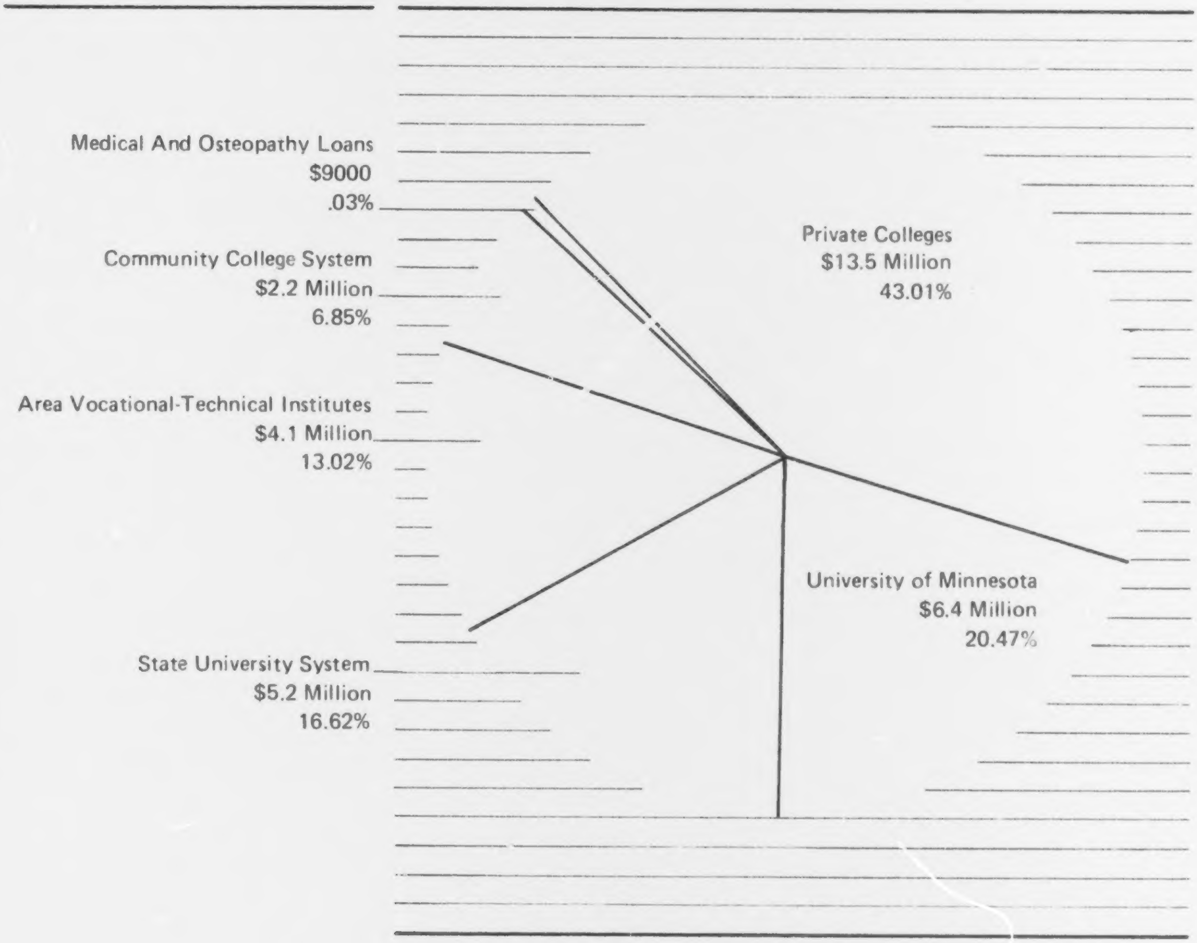
DISTRIBUTION OF STATE FUNDS BY SYSTEM

FISCAL YEAR 1982



Source: Minnesota Higher Education Coordinating Board

FIGURE 9
DISTRIBUTION OF FINANCIAL AID AWARDS BY SYSTEM



Source: Minnesota Higher Education Coordinating Board

TABLE 17
STATE APPROPRIATIONS PER STUDENT FOR INSTRUCTION[1] FISCAL YEARS 1971-1983

Fiscal Year	University of Minnesota		State Universities		Community Colleges		AVTIs[2]	
	Current	Constant	Current	Constant	Current	Constant	Current	Constant
1971	$1,306	$1,306	$ 917	$ 917	$ 846	$846		
1972	1,357	1,285	1,070	1,013	860	814		
1973	1,459	1,312	1,196	1,075	938	843		
1974	1,729	1,451	1,248	1,047	965	810		
1975	1,968	1,523	1,358	1,051	1,160	897		
1976	2,318	1,682	1,627	1,180	1,193	865		
1977	2,340	1,595	1,658	1,130	1,246	849		
1978	2,474	1,580	1,845	1,178	1,381	882		
1979	2,672	1,583	2,041	1,209	1,542	914	$2,134	$1,264
1980	2,867	1,547	2,115	1,141	1,615	871	2,226	1,201
1981	3,019	1,484	2,025	995	1,521	747	2,620	1,288
1982[3]	3,190	1,438	2,370	1,069	1,775	800	2,838	1,280
1983[3]	3,274	1,367	2,567	1,072	1,823	761	2,774	1,158

[1] State appropriations expended for instruction. Does not include budget rescissions for FY 1982 and 1983. Per student appropriation based on full-year equivalent and average daily membership enrollments. Constant dollars obtained by using Higher Education Price Index, 1971=100.

[2] AVTI estimates based on appropriations rather than expenditures.

[3] Estimated.

5. State Appropriations Per Student for Instruction

State appropriations per student for instruction increased in the public collegiate systems both in current and constant dollars between Fiscal Year 1971 and 1979. Since 1979, constant dollar appropriations per student have declined. This has been caused by the enrollment bulge policy and reduced state revenues.

At the University of Minnesota constant dollar appropriations per student peaked at $1,682 in Fiscal Year 1976 but declined to an estimated $1,367 in Fiscal Year 1983. Constant dollar appropriations per student in the State University System peaked at $1,209 in Fiscal Year 1979 and was estimated to be $1,072 in Fiscal Year 1983. In the Community College System, constant dollar appropriations per student ranged from a high of $914 in Fiscal Year 1979 to a low of $747 in Fiscal Year 1981 and was estimated to be $761 in Fiscal Year 1983. These trends are illustrated in Table 17 and Figure 10.

Under the bulge policy, the public collegiate systems have not received state funds for enrollments above the 1977 base. Enrollment increases above the 1977 base have been funded out of tuition receipts. This policy recognizes the marginal cost increases associated with additional enrollments on a short term basis. It reduces the state investment in post-secondary education on a per student basis. Faculty hired to accommodate these additional enrollments are not appointed to permanent positions.[12]

During the 1981-83 biennium, state appropriations for post-secondary education were reduced by $40 million, as shown in Table 18. In addition, the post-secondary systems absorbed a $10 million reduction in funds for salary increases. Some of these reductions were offset by tuition increases for part of 1981-82 and all of 1982-83. The combined effects of these reductions and the bulge policy were a decrease in state appropriations per student in all systems beginning with the 1980-81 school year.

Appropriations per student for instruction is a measure of how much the state is providing to post-secondary education systems for their primary mission. These appropriations include support for direct instruction provided by academic departments, physical plant operations, executive management, libraries, student personnel services, and academic support. It does not include state support for separately budgeted research and community services. It does include departmental research conducted by faculty as part of their regular assignment.

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[12] The bulge policy was modified somewhat by the 1981 Legislature due to unanticipated enrollment increases. For a description of the changes, see Minnesota Higher Education Coordinating Board, *Interim Report of Task Force on Future Funding,* pages 27 and 28 (April 1982).

FIGURE 10
APPROPRIATIONS PER STUDENT
FOR INSTRUCTION (CONSTANT DOLLARS)
FISCAL YEARS 1971-1983

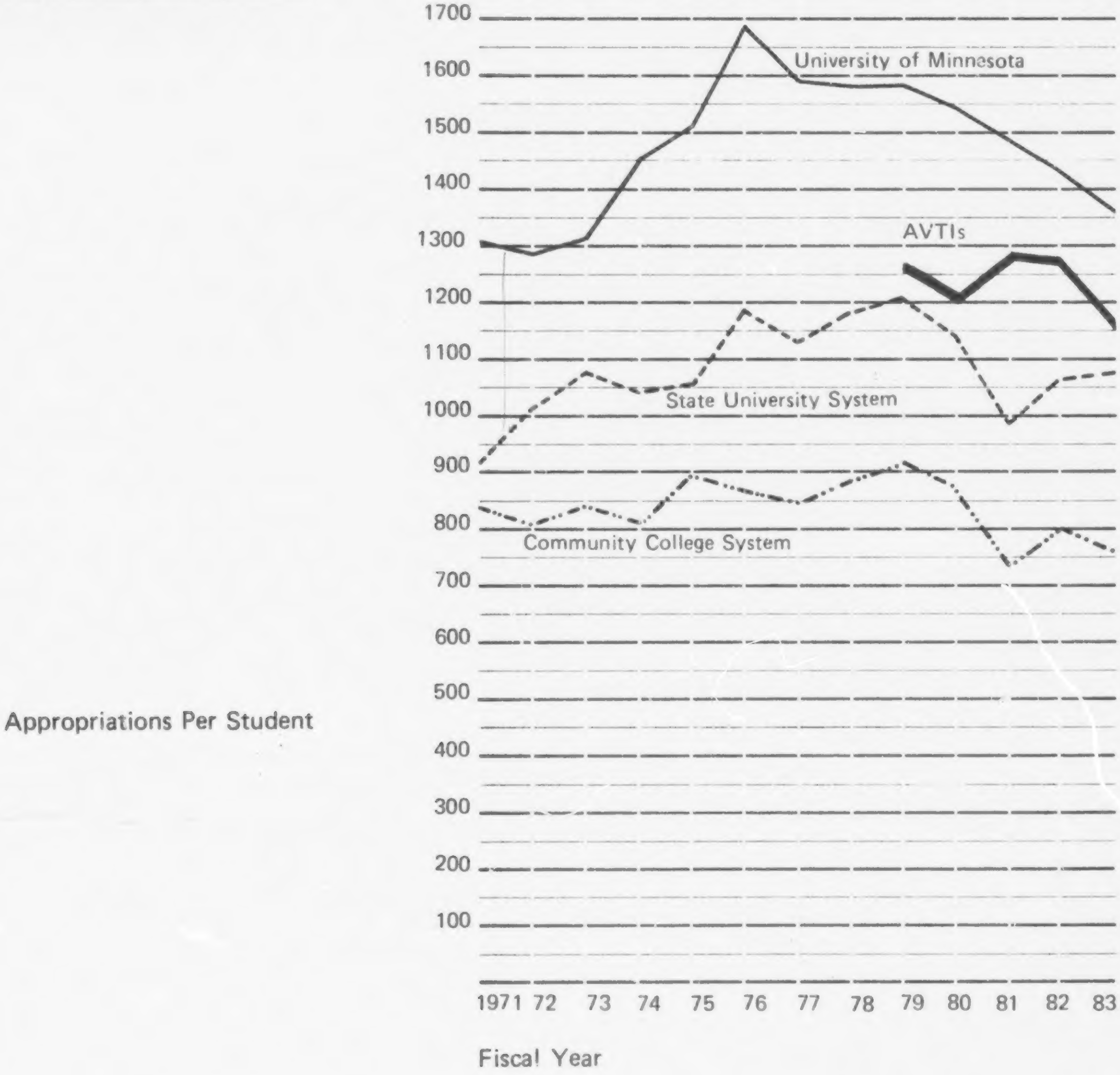

TABLE 18
REDUCTIONS IN STATE APPROPRIATIONS, PUBLIC POST-SECONDARY SYSTEMS
1981-83 BIENNIUM

System	Original Total Appropriations[1]	Reductions[1]	Revised Total Appropriations
Community Colleges	$ 94,385,600	$ 3,553,100	$ 90,832,500
State Universities	198,643,100	7,487,100	191,156,000
University of Minnesota	542,731,000	20,329,000	522,402,000
Area Vocational-Technical Institutes	192,062,500	8,704,200	183,358,300
Total	$1,027,822,200	$40,073,400	$987,748,800

[1] Includes all appropriations except capital construction and debt service. Does not include approximately $10,000,000 of supplemental salary appropriations for the collegiate systems which the legislature cut late in 1981 from its earlier appropriations for the 1981-83 biennium.

State appropriations represent the major source of support for public institutions. Examining public support for post-secondary education on a per student basis controls for changing enrollment levels. This is significant because historically a close relationship has existed between state funding and enrollments. Portraying the data in constant dollars shows the extent to which state funding for post-secondary education has kept pace with inflation.

In summary, public institutions receive revenue from two primary resources – students and state appropriations. Public institutions receive the largest percentage of their revenue from tuition and fees, followed by private gifts and donations. The University of Minnesota also receives a large amount of funds from the federal government for special research projects, most of which are not related to the instructional program. While there are other smaller sources of income to all institutions, they do not amount to a significant portion of the total revenue picture.

6. Instructional Costs

Instructional costs per student varied widely by post-secondary system in Fiscal Year 1981. Among the public post-secondary systems, the University of Minnesota had the highest instructional cost per student, $4,469. This was more than double the costs in the Community College System, $2,085. The area vocational-technical institutes had higher costs per student, $3,121, than either the state universities or the community colleges.

Costs varied considerably by level of instruction. In the University of Minnesota, costs ranged from $7,900 per student for graduate instruction to $2,849 for lower division instruction. In the State University System, costs ranged from $3,831 per student for graduate instruction to $2,451 per student for lower division instruction.

Table 19 does not reveal the wide range of costs per student among individual institutions, disciplines and programs, and levels of instruction. They are shown, however, in a staff report on instructional costs for each public post-secondary institution.[13]

Instructional costs at small institutions, for the most part, exceeded instructional costs at large institutions. Small institutions devoted a larger proportion of their resources to support activities. Exceptions to this are caused by institutions with a large number of high-cost instructional programs.

Costs per student reflect a variety of factors including enrollments, materials and equipment, and faculty teaching loads. Where enrollments are low, costs are spread over fewer students, resulting in higher costs per student. Instructional programs requiring expensive materials and equipment have higher costs of instruction. Differences in teaching loads also will affect costs. To teach an equivalent number of students would require more faculty members at institutions where each faculty member teaches 9 courses per year than at

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[13] See Minnesota Higher Education Coordinating Board, *Report on Instructional Expenditure Patterns in Public Post-Secondary Education in Fiscal Year 1981* (June 1982). The report presents instructional costs by institution, program, and level of instruction. Total instructional costs consist of direct expenditures for instruction and support services such as libraries, executive management, student services, and physical plant operation. For the University of Minnesota instructional costs are shown for all five campuses. Costs are shown for major teaching unit, such as the College of Liberal Arts for the Twin Cities and Duluth campuses. Costs are included by level of instruction for the Twin Cities, Duluth, and Morris campuses.

One section of the report contains major findings drawn from the data. It also contains a ranking of instructional costs for all public colleges by lower and upper division. The other section of the report is a detailed presentation of instructional costs at each public institution.

TABLE 19
PUBLIC POST-SECONDARY SYSTEMS
AVERAGE UNIT COSTS OF INSTRUCTION BY LEVEL OF INSTRUCTION
FISCAL YEAR 1981

System/ Level of Instruction	Full-Year Equivalent Students/ Average Daily Membership[1]	Costs Per FYE or ADM[2,3]
Community Colleges		
Lower Division	22,030 FYE	$2,085
Total	22,030 FYE	$2,085
State Universities		
Lower Division	22,847 FYE	$2,451
Upper Division	12,225 FYE	2,925
Graduate	1,127 FYE	3,831
Total	36,199 FYE	$2,654
University of Minnesota (all campuses)		
Lower Division	21,738 FYE	$2,849
Upper Division	16,247 FYE	4,155
Graduate and Professional	11,594 FYE	7,900
Total	49,579 FYE	$4,469
Area Vocational-Technical Institutes		
Total	34,363 ADM	$3,121

[1] Regular year FYE enrollments only; excludes summer session enrollments in all collegiate systems; excludes off-campus graduate enrollments in state universities; excludes extension enrollments in the University of Minnesota.

[2] In calculating instructional costs, the University of Minnesota used different methods from the methods used for the community colleges and state universities. The University of Minnesota's method tends to assign more support costs to upper division and graduate levels than to lower division. Support costs were allocated to students uniformly regardless of level in the community colleges and state universities. Thus, lower division costs for the University of Minnesota presented here may be understated and upper division and graduate costs overstated relative to the costs for the other systems.

[3] For AVTIs, net costs – total costs less various offsetting revenues.

Source: Minnesota Higher Education Coordinating Board, based on data provided by post-secondary institutions and system offices.

institutions where each faculty member teaches 12 or 15 courses per year. Lighter teaching loads require more faculty members, greater expenditures for faculty compensation, and, thus, higher costs. Instructional costs per student in Minnesota's public post-secondary systems for Fiscal Year 1981 appear in Table 19.

The Board staff periodically collects instructional cost data for use in analyzing the financing of post-secondary education and preparing policy recommendations.

A. INTRODUCTION

The Minnesota Higher Education Coordinating Board in June 1982 adopted a set of goals to help guide the investment of public resources for post-secondary education.

Adoption of the goals culminated an effort initiated by the Coordinating Board in 1980 to identify, review, and approve a set of goals for Minnesota post-secondary education.[1] Although a set of goals had been assumed during the 1960s and 1970s – a period of increasing tax revenues and growing enrollments – these goals never were articulated formally.

In view of severe fiscal problems and impending enrollment declines in the 1980s, the Board felt that a re-examination of the implied goals and the adoption of a formal goals' statement would help decisionmakers determine short- and long-range priorities. Enrollments in public post-secondary institutions are projected to decline by more than 20 percent by 1995. Funding already has been reduced due to state budget problems. As these demographic and economic conditions intensify, making decisions on funding programs and institutions will become more difficult than in the past. It will become increasingly difficult for the state to maintain its commitment to post-secondary education. The quality, diversity, and vitality of post-secondary education may be threatened.

Thus in February 1980 the Coordinating Board adopted a proposed statement of goals and a list of related policy issues.[2] These proposed goals were drawn from prior policies, current practice, and historical legislative and executive commitment to Minnesota post-secondary education. The goals were reviewed by a variety of education and non-education groups, discussed extensively by the Coordinating Board, and revised to incorporate many of the comments. Following this process, the Coordinating Board on June 24, 1982, adopted six goals.

Each goal is described below and is accompanied by several questions designed to evaluate the extent to which the goal is being achieved.

The goals are designed to help the governor and legislature make decisions on how best to use limited public resources to provide quality post-secondary education opportunities to the citizens of Minnesota. They also are intended to assist members of public and private governing boards in making their policy and budgetary decisions. Further, the goals are intended to help the public understand what the state is seeking to accomplish in providing educational services to those pursuing an education beyond high school.

Inevitably there will be some conflict in the achievement of state goals for post-secondary education. Because resources to support post-secondary education are limited, choices must be made between competing or mutually exclusive goals. These conflicts are the natural result of the resource allocation process. Through the use of goals, however, it will be possible to better determine priorities.

B. GOALS

1. **Minnesota should implement funding policies for post-secondary education which provide incentives for the most efficient use of limited resources in the provision of post-secondary education.**

Public resources are limited. Therefore, the state should develop finance policies and procedures which provide incentives for post-secondary systems, institutions, and the state to use resources efficiently. Priorities should be developed to guide the reallocation of resources from low need and low priority programs to higher priority programs and areas of emerging demand. Regular cost studies should be conducted to determine how resources are being used and the nature of institutional expenditure patterns. Systems, institutions and the state should understand how resources are being used and how expenditures relate to educational priorities. Wherever possible, technology should be used to enhance the instructional process and to increase faculty productivity. Without an explicit effort to use resources efficiently and without state-level incentives, limited resources will not be used efficiently.

The following questions may help ascertain the extent to which this goal is being achieved:

What incentives exist in current state-level funding policies to encourage post-secondary systems to manage resources efficiently?

What incentives do system allocation policies possess which encourage institutions to manage resources efficiently?

What is the range of costs per student within systems, sectors and institutions? What is the range of costs per student among similar programs? Why do these differences exist?

2. **Minnesota should promote the greatest possible effectiveness in all of its post-secondary education programs.**

Effective education includes many dimensions which typically are described as quality. Traditionally, high quality institutions and programs have been equated with prestigious faculty teaching students of high aptitude in a comprehensive university. This definition emphasizes investments rather than the results of the educational process. Effective education, in fact, encompasses several dimensions. It is the imparting of knowledge and skills to individuals. It is the preparation of individuals to make material and intellectual contributions to society. It is the discovery of new knowledge in a field of inquiry. The most dramatic and effective education may occur with persons who previously have exhibited little aptitude for learning. Therefore, effective education should be defined as what results from the educational process rather than what is put into it. This definition of effectiveness is based on the concept of "value added" as a consequence of instruction. It permits all institutions to compete equally in the development of effective programs. It focuses on the challenge of using resources effectively to educate students regardless of their aptitude, ability or educational objectives. It also encourages educators and educational institutions to establish performance standards, specify learning objectives, and measure their success in accomplishing each student's goals.

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[1] Financial assistance for the project was provided by a Ford Foundation grant.

[2] Minnesota Higher Education Coordinating Board, *Goals for Minnesota Post-Secondary Education, A Policy Paper* (February 1980).

Consideration of this goal raises the following questions:

How do post-secondary systems and institutions define effectiveness? What standards have been established to measure it?

What incentives are provided by the state and systems to promote effectiveness in institutions and programs?

3. **Minnesota should support basic and applied research which results in new knowledge and ways to apply new knowledge in a socially useful manner.**

The quality of life in Minnesota and the nation is related directly to the vitality of the economy. Economic growth is based in part on the development of new knowledge and increased productivity. State support for basic and applied research is essential to the discovery and application of knowledge. The economy of Minnesota is based on agriculture, extractive industries, high technology, and service industries which rely on research investments and the discovery of new products and procedures. State supported research efforts through post-secondary education have been instrumental in the discovery of new knowledge in many areas including agriculture, the environment, mining, medicine, and computer sciences. Minnesota should continue to support basic and applied research in post-secondary education in order to maintain its competitive position in the regional, national, and international economy. The continued investment in research by the state should be based on established research priorities and should be coordinated with federal and private research projects.

The following questions may assist in assessing progress toward the achievement of this goal.

What proportion of the state's investment in post-secondary education supports basic and applied research? Has this proportion changed during the last five years?

What outcomes have resulted from current state-funded research efforts which directly benefit Minnesota, the region, and the nation?

How much non-state money has been received in Minnesota post-secondary systems for contracted research projects? What outcomes have resulted from these research efforts that directly benefit the state?

4. **Minnesota should provide sufficient resources to enable systems and institutions to offer programs which meet the minimum standards consistent with their mission.**

Post-secondary education receives support from several sources including the state, students, the federal government, and private contributions. For public institutions, most revenue comes from state appropriations and tuition. Historically, support for public post-secondary education has been linked closely to enrollments. As the total number of students begins to decline and if current funding policies are maintained, support for post-secondary education will decrease. The cost of some activities, however, is fixed. Total institutional costs do not necessarily decline as enrollments decline. Funding policies and procedures should be adopted which recognize the fixed and variable costs of post-secondary education and which consider the minimum program services which must be provided to offer a creditable educational program, consistent with the stated or implied mission of an institution or program. The challenge of adequately funding post-secondary education will be complicated by limited state resources and competition for public funds from other state programs. Nonetheless, an adequate funding base must be provided to ensure the financial integrity of post-secondary education.

Consideration of this goal raises the following questions:

What are the core instructional program and support services that must be provided, regardless of enrollments, in order to offer a program consistent with the stated mission of the institution?

How have state appropriations per full-time-equivalent student varied in constant dollars during the last five years? How has income from tuition per full-time-equivalent student varied during the last five years? Have reduced revenues caused program reductions below the minimum program core necessary to carry out the institution's mission?

5. **Minnesota should strive to enable all residents who can benefit from post-secondary education the opportunity to enroll in the institution or program suited to educational needs and abilities.**

Access to post-secondary education should not be limited arbitrarily because of sex, age, race, income, residence, prior educational achievements, or physical disabilities. To the extent possible, the state should provide financial assistance to students with demonstrated need so they can enroll in and complete an educational program which fulfills educational objectives and abilities. Completion of an educational program enhances opportunities in the employment market, reduces the likelihood of dependency on public assistance programs, and contributes to personal satisfaction. For these reasons, investment in student financial aid programs is a wise use of public funds; educated citizens benefit the entire community. The level of state support for student financial aid should be sufficient so that, through a partnership of shared responsibility between the student, his or her family, the state and the federal government, a variety of choices exist for students. Through this partnership, educational opportunities are provided to students which permit them to achieve realistic career objectives, and the vitality of the educational marketplace is enhanced.

The following questions might be posed to evaluate success in fulfilling this goal:

What are the characteristics of students enrolled in Minnesota post-secondary education systems in terms of age, sex, race, income, and ability? How do these patterns of enrollment relate to the distribution of these characteristics in the general population of Minnesota?

What are the characteristics of financial aid recipients by age, sex, race, income, and ability, and how does this compare with the general population of Minnesota?

Is the state meeting the needs of financial aid recipients/applicants in an equitable manner? Do all eligible applicants receive an award?

What is the expected family contribution and student self-help obligation for financial aid recipients? What proportion of total need is being met by the combination of state and federal grants? Can loans be used to fulfill a student's self-help obligations?

6. Minnesota should support a diverse educational system in which systems and institutions possess different and educationally distinctive missions and settings.

Minnesota supports four public post-secondary education systems and provides some assistance to private institutions. Public systems and institutions are responsible, by virtue of tradition and statutory mission, for providing distinctive educational services. The assignment of unique missions to each system attempts to ensure effectiveness and efficiency. Some justifiable overlap does exist in the programs and services offered by each system. General education in undergraduate collegiate institutions is provided at institutions in all systems as part of the basic curriculum. At institutions which provide sole access to post-secondary education in a particular area, some instructional programs are offered that may not be totally consistent with the mission of the institution. Nevertheless, the missions of the systems are, and should remain, distinctive. The educational programs available in the public sector are complemented and enhanced by the educational opportunities offered by private institutions. Coordination efforts have limited unnecessary overlap in the development of high cost, graduate, and professional programs. As enrollments decline and state revenues are further constrained, however, there may be pressure to expand missions and blur the lines of distinctiveness between systems and institutions. Every effort must be made to maintain these distinctive missions and, if possible, to further enhance them. Systems and institutions must be encouraged to provide a diverse set of instructional programs that are consistent with their mission and varied in their instructional processes in order to meet the broad range of needs for learning.

A review of this goal suggests the following questions:

How do state policies promote the distinctive mission of post-secondary systems and institutions?

How does the state, through its appropriations process, promote a diverse system which takes into account the public role of independent institutions and educational resources available in neighboring states?

How do governing boards encourage institutions to develop distinctive program emphases that are consistent with the mission of the system and maximize the use of limited public funds?

A. COORDINATION ACTIVITIES

1. Introduction

The Board coordinates the state's post-secondary education systems and institutions and attempts to assure that statewide needs are being met effectively without unwarranted duplication of programs and services. By statute the Board is required to review instructional programs and to monitor continuously and study the transferability of credits between Minnesota post-secondary systems and make recommendations to the legislature and post-secondary systems.

In 1982 the Board reviewed extensively the program review process and adopted a policy. It incorporates guidelines for the review of proposed new programs and addresses existing programs where a substantial change is proposed, existing programs selected for review, and programs proposed for discontinuation. This section describes program review activity during the biennium and summarizes the new policy. As a follow-up project to legislation enacted in 1981 on the awarding of associate degrees by AVTIs, the Board reviewed a staff report evaluating factors that affect the feasibility of cooperation with collegiate institutions and adopted recommendations. They are presented in this section.

In connection with its 1980 nursing education study, the Board reviewed the work of a task force on nursing articulation and made recommendations based on the task force report. The Board also provided staff assistance to the Governor's Task Force on Nursing which was established following the nursing education study. Several other coordination activities occurred. The Board adopted recommendations on education information for students. As part of a project funded by the Ford Foundation, the Board conducted a statewide workshop designed to help ease the transition to the private sector for faculty affected by enrollment reductions. Summaries of these various coordination projects are included in this section.

The Board's role also involves promoting constructive federal-state relations in post-secondary education. This effort has gained added significance as federal funding declines, particularly assistance for students.

2. Program Review

Introduction: The Coordinating Board has the statutory responsibility to review proposed new programs of instruction and periodically to review existing programs.[1] As competition for students increases, institutions may expand program offerings and shift program emphasis. Thus, program review is one of the Board's major functions in coordinating post-secondary education.

Background: In recent years, fewer academic programs have been proposed at all levels of post-secondary education in Minnesota. During Fiscal Year 1981 and 1982, the Coordinating Board received for preliminary review 81 proposals for new programs. Seventy-five of these 81 became formal proposals.[2] Of the 75 that reached the formal review stage, 68 actually came to the Board for action because seven were withheld by the post-secondary systems. The Coordinating Board acted favorably with condition on two and unfavorably on six proposed programs, as noted in Table 20. During this period, the institutions formally discontinued 49 programs; 48 of the 49 were discontinued in Fiscal Year 1982 alone – by far the largest number ever reported in one year. This was due primarily to diminished student demand.

Unfavorable action by the Coordinating Board is the exception rather than the rule for two reasons. First, an extensive review process at the institutional and system levels prevents some program proposals from reaching the Coordinating Board. Second, review by the Coordinating Board's Program Advisory Committee, as well as staff evaluations, exerts pressure on institutions to withdraw programs of questionable merit before they reach the Board for action.

For the past decade the criteria applied to new proposed programs have been:

1. Is there a need for the program?
2. Is the program consistent with the mission of the institution and the mission of the state in providing post-secondary educational opportunities that meet the needs of the citizens and the state?
3. Does the program represent a duplication of effort and, if so, is this a desirable duplication?
4. What state resources will be committed to this program's implementation and continued operation?

Status: During the past year, the Coordinating Board adopted a Policy on Program Review.[3] The policy incorporates guidelines for the review of proposed new programs and explicitly addresses three additional categories of program review: (1) existing programs where a substantial change is proposed; (2) existing programs selected for review; and (3) programs proposed for discontinuation.[4]

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[1] *Minn. Stat.* Section 136A.04d (1980).

[2] Program proposals are researched and evaluated by the Board staff. They also are reviewed by a program advisory committee which includes representatives of the state's post-secondary systems. New program proposals go through a preliminary and formal stage. If a proposal gains formal status, the Board either grants favorable or unfavorable review or may attach conditions.

[3] Minnesota Higher Education Coordinating Board, *Policy on Program Review* (June 1982).

[4] For program review a program is defined to include any sequence of courses, activities, or experiences which will lead to a degree or certificate, which will be recognized or described as providing preparation for a vocation, or which will serve as a field of specialization or an area of concentration, such as a major or minor field in a broader degree program.

TABLE 20
SUMMARY OF ACTION ON PROPOSED NEW PROGRAMS
FISCAL YEARS 1973-1982

	1973-74	1975-76	1977-78	1979-80	1981-82
Category					
Preliminary Proposals	272	189	108	110	81
Formal Proposals	240	136	71	100	75
Discontinued Programs	3	35	18	21	49
Board Action					
Favorable Recommendation	179	103	59	87	60
Conditional Recommendation	24	26	11	2	2
Unfavorable Recommendation	6	—	1	1	6

The guidelines for reviewing proposed new programs are:

1. Mission of the Proposing Institution

   Is the program within the stated mission of the proposing institution?

2. Evidence of Institutional Readiness

   Does the institution have adequate faculty, library, facilities, equipment, etc.?

3. Cost of the Program

   What is the cost of the program and how do the costs compare to other similar programs?

   Will the program require additional resources, or be funded through a re-allocation of existing resources?

   What percentage of the program costs are funded by public tax dollars?

   Is the program primarily dependent on public resources?

4. Identification of the Geographic Area the Program is Designed to Serve

   What is the proposed service region for the program?

5. Justification for Implementation of the Program

   a. Need

      What is the student demand (all programs) and the employment opportunities for graduates (occupational programs)?

   b. Duplication with Other Programs and Other Non-Formal Educational Sectors

      Does the program unnecessarily duplicate other programs? If so, then what percentage of the program costs are funded by public tax dollars?

      Is the program primarily dependent on public resources?

   c. Identification of the Geographic Area the Program is Designed to Serve

      What is the proposed service region for the program?

   d. Utilization and Capacity of Existing Programs

      How many students are being served?

      What is the student/faculty ratio?

      How many students could existing programs accommodate without additional resources for faculty, equipment and facilities, etc.?

   e. Placement Data for Graduates from Existing Programs

      What are the employment placement rates and experiences for graduates of existing programs?

   f. For Programs Not Offered in the State, an Assessment of How Education and Training Needs Are Currently Being Served

      Why is a new formal education program needed in a field of study where it was formerly not required?

The policy defines when changes in program length or enrollment expansion are considered substantial and thus subject to Coordinating Board review. These programs are reviewed under the same guidelines as proposed new programs.

The policy also describes a procedure for identifying existing programs that are underused or represent an unnecessary duplication of effort. Data collected by the Board on trends in the number of graduates from each program offered by Minnesota post-secondary institutions enable the Board to identify expanding and contracting programs and fields of study within individual institutions as well as statewide. Based on an analysis of these data, the Board, starting in early 1983, annually will recommend action to the governing boards and legislature.

In addition to utilization and duplication, the Board also considers economic and demographic factors such as present and future sources of program funding, changes in technology, and emerging occupations when selecting existing programs for review. Legislative and other constituent requests also are a source of Board consideration of specific program areas.

Outside the immediate purview of the Board, institutional and system review of existing programs is occurring and can be expected to intensify as institutions and systems seek to shift resources from underused programs to growing or new programs.

Under the recently adopted policy, all programs proposed for cancellation by governing boards are to be reported to the Coordinating Board for its inventory. Some of these programs may be considered for further review and additional information requested. In these cases the Coordinating Board will consider the availability of the program and whether its cancellation would substantially decrease the opportunity for Minnesota residents.

New Programs Required for Licensure: In an action related to the program review process, the Coordinating Board in 1982 adopted a resolution recommending that the governor and legislature direct the appropriate boards of licensure to refrain, to the extent possible, from requiring new programs and expanding course requirements and depend instead upon competency measures. The Board proposed that licensure boards be required to prepare fiscal impact statements on any proposed changes in education requirements for occupations and professions under their jurisdiction. The impact statements would assess the costs of the changes to the state, public, and individuals required to adapt to the change and determine who should absorb these costs.

Educational and training requirements of boards responsible for licensure have on occasion required new programs in Minnesota's system of post-secondary education. In a period of limited resources it may not be advisable to create new programs to satisfy board licensure requirements when courses or, to the extent possible, tests of competence may demonstrate the competency required for the occupation or profession.

The Board's concern stemmed from questions raised during its favorable review of a proposed Middle School Licensure Program at Bemidji State University. The program is required by the State Board of Teaching whose regulations specify that this additional license will be required by 1985 for those teaching in a middle school in Minnesota. The program provides the coursework needed to obtain a license for teaching in a middle school in Minnesota.

3. Cooperation Between Minnesota Post-Secondary Institutions

Introduction: The issue of associate degrees awarded by Minnesota post-secondary educational institutions has been discussed extensively by members of the various systems and the Coordinating Board over the past two years. The Coordinating Board made several recommendations to the 1981 Legislature, including that the governing boards establish guidelines for the awarding of associate degrees.[5]

The 1981 Minnesota Legislature enacted a law allowing AVTIs to grant associate degrees under certain conditions.[6] One of the conditions to be considered is cooperation with collegiate institutions. The law directs the Coordinating Board, in cooperation with the State Board for Vocational Education, to submit a report to the education committees of the legislature regarding the awarding of associate degrees by AVTIs. As part of the report, the Coordinating Board is to evaluate factors that affect the feasibility of cooperation with collegiate institutions.

A Coordinating Board staff report identifying and analyzing the incentives and impediments to cooperation between AVTIs and collegiate institutions was completed in 1982.[7] The report also covers the associate degree granting activities of AVTIs. After reviewing the report, the Coordinating Board adopted four recommendations.

The Issue: The issue is to remove impediments and establish incentives that foster expanded cooperation among all Minnesota post-secondary institutions.

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[5] Minnesota Higher Education Coordinating Board, *Associate Degrees in Minnesota Post-Secondary Education* (July 1980);

Minnesota Higher Education Coordinating Board, *Associate Degrees in Minnesota Area Vocational-Technical Institutes, with Coordinating Board Recommendations* (February 1981).

[6] *Minn. Laws 1981*, Chapter 353 (*Minn. Stat.* Section 121.218, 1981 Supplement). The law states that the State Board for Vocational Education may approve, disapprove, or modify a plan for awarding associate degrees at an AVTI. The State Board is to approve a plan only when an associate degree is required by a licensing authority and is offered in cooperation with a collegiate institution. The State Board may approve an AVTI plan for awarding an associate degree which is not offered in cooperation with a collegiate institution only if cooperation is not practicable. All associate degree plans approved by the State Board are to be presented to the Coordinating Board for review and recommendation pursuant to the HECB program review authority and provisions of the law. The law exempts associate degrees offered by AVTIs prior to January 1, 1981. By January 1, 1983, the Coordinating Board is to promulgate rules establishing criteria for determining when cooperation with collegiate institutions is not practicable.

[7] Minnesota Higher Education Coordinating Board, *Factors That Affect Cooperation Between Minnesota Post-Secondary Institutions* (January 1982).

Background: Coordinating Board staff found that associate degree programs in AVTIs are rare and represent only a fraction of all the non-baccalaureate degree programs offered by Minnesota's post-secondary institutions. Twelve programs exist where students can complete an integrated curriculum that involves an AVTI and collegiate institution. Cooperation between institutions in non-academic areas is more frequent, and cooperative activities appear to be increasing even though the study indicated that historically inter-institutional cooperation has not been a high priority for the institution, the system to which it belongs, or government officials.

Several factors that affect cooperation were identified. Program compatibility is a basic factor, without which cooperative programs are not possible. If institutions have compatible programs, however, factors such as geographic distance, limited resources, and attitudes encourage or impede cooperation.

Limited resources as well as pressure from students and accrediting bodies have acted as incentives, encouraging institutions to work cooperatively in providing educational programs. Juxtaposed with these incentives are the impediments of geographic distance, structural differences between institutions, and negative attitudes about cooperation.

State policies affecting some of these factors can be developed to promote more program cooperation. The state can encourage cooperation through actions that affect funding policies, student financial aid, school calendars and schedules, transfer of credit, and leadership. Several options are available to help eliminate impediments to cooperation.

Recommendations: The Coordinating Board in January 1982 recommended the following:

1. **That the Board clarify its guidelines for financial aid so that all students enrolled full time in programs at eligible institutions may receive financial aid benefits.**

Rationale: The current guidelines for financial aid allow students registered in eligible institutions to apply for financial aid if they are certified as full time. The recommendation would help to assure that this option is more easily available to full-time students in programs at institutions eligible for state scholarships and grants.

2. **That the governing boards of post-secondary education develop a policy on cooperative programs that is shared with all of their member institutions that:**

    a. **Ensures that all full-time students enrolled in cooperative programs are verified and treated as full-time students by one of the cooperating institutions and that the students pay tuition only at one institution. This policy should provide for reasonable compensation between the cooperating institutions, not to exceed the aid they would have received under normal state financing formulas.**

    b. **Promotes the coordination of schedules and calendars with other institutions on a regional basis.**

Rationale: The post-secondary education systems have a responsibility to take a leadership role in supporting feasible and beneficial cooperation by negotiating fiscal support guidelines that define firmly how cooperation should occur in their institutions. At present, students enrolled in more than one institution must complete registration and pay the tuition and fees of each institution. A policy by the governing boards could resolve this problem as well as the situation discussed in the first recommendation.

A policy on cooperation also could resolve the problem students face when scheduling their educational experiences at two or more institutions. Currently, there are not standardized schedules even within a system. A policy would allow institutions in geographic proximity to minimize scheduling difficulties when developing cooperative programs while continuing to meet local scheduling needs.

3. **That the Coordinating Board and the governing boards review vocational programs offered in Minnesota and identify areas where greater cooperation may be feasible and desirable because of program compatibility.**

Rationale: This review would provide information needed to focus on those programs in which cooperation between post-secondary education institutions is feasible. This would enable post-secondary education systems to identify possible areas of savings and make logical choices when initiating cooperation.

4. **That the Coordinating Board direct staff to prepare alternative plans for providing financial incentives for cooperation and make recommendations regarding incentives to the Board.**

4. Nursing Education

Introduction: In 1980 the Coordinating Board staff completed a study analyzing potential roles that post-secondary education could assume in helping solve the problem of a shortage of available nurses willing to practice in selected settings.[8] The study examined the status of nursing and nursing education policies in Minnesota. Following its review of the study, the Board adopted the following seven recommendations:

1. That the concept of articulated nursing education be endorsed as a means of meeting nurses' demands for additional education and the market's need for a greater retention of practicing nurses.

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[8] Minnesota Higher Education Coordinating Board, *A Report on Nursing Education in Minnesota, with Coordinating Board Recommendations* (August 1980).

2. That the four public post-secondary systems, along with interested private institutions, develop a system of articulated nursing education which would serve nurses and potential nurses in all regions of the state, and a plan be completed by April 1, 1981.

3. That additional funding for nursing education programs should be contingent on an April 1, 1981 submission of a plan developed cooperatively by the four public systems and participating private institutions to be reviewed by each governing board, the Higher Education Coordinating Board, and the Board of Nursing.

4. That the Board of Nursing's statutory authority to approve nursing education programs be retained and revised to require the Board of Nursing to develop the means for reviewing and approving articulated nursing education programs.

5. That the number of graduates prepared for licensure as registered nurses (i.e., new RNs) should be increased by about 10 percent and that this increase should be coordinated with the planning and development of a system of articulated nursing education.

6. That the governor and the legislature instruct the University of Minnesota and the State University System to develop a plan, in consultation with other graduate programs in the Midwest, which would double the number of nurses with master's degrees who would be available for employment in the state in order to ensure an adequate supply of faculty. This plan should be coordinated with the plan for a system of articulated nursing education.

7. That the governor appoint a statewide task force representing nursing and other health care providers to review means of improving the utilization of current nursing resources, the retention of practicing nurses, and the attractiveness of nursing as a career and submit a report for review by the governor, legislature, and Higher Education Coordinating Board by January 1, 1982.

Following are summaries of actions resulting from recommendations on an articulated nursing program and a Governor's Task Force on Nursing.

Articulated Nursing Education: Three of the Board's recommendations related to the development of a system of articulated nursing education in Minnesota. The Board endorsed the concept of articulation among the types of nursing education programs, recommended that the post-secondary systems establish an articulation task force to develop a plan, and recommended that additional funding for nursing education programs be contingent on the submission of a plan.

Articulated nursing education is a coordinated system of nursing education that allows a nurse to transfer appropriate credits from one program to another. It includes the principle that a nurse returning to school receives appropriate credit for previous education. It would enable nurses to advance educationally from a licensed practical nurse (LPN) to a registered nurse (RN) and obtain a baccalaureate degree without undue repetition of courses.

A task force was established by public and private post-secondary systems and institutions to represent all levels and types of nursing education. In its March 27, 1981 report, the task force outlined a strategy for and elements of a system of articulated nursing education in Minnesota. The legislature agreed with the direction of the task force's suggestions and requested that it continue planning and implementing a system of articulated nursing education in Minnesota.

The 1981 Legislature attached riders to the omnibus higher education appropriations bill which requested a continuation of the articulation task force. The task force was requested to provide: (1) documentation of changes in the curricula that existing nursing education programs will implement before January 1, 1983, (2) documentation of changes in transfer policies and policies for advanced placement of licensed nurses that each institution will implement before January 1, 1983, and (3) a set of specific alternatives for providing additional educational opportunities for licensed nurses in all areas of the state. The legislature asked the articulation task force to submit a report to the Higher Education Coordinating Board by January 1, 1982, documenting further progress. The Higher Education Coordinating Board was to review the report and transmit its recommendations promptly to the legislature.[9]

In responding to the requests of the legislature, the educational systems and nursing educators have made the following major accomplishments:

1. Accepted the need to develop articulation as an integral part of nursing education.

2. Identified broad content areas present in all nursing education programs.

3. Considered educational alternatives that extend beyond simple expansion and development of traditional programs.

4. Implemented changes that provide licensed nurses better access to existing nursing education programs.

5. Demonstrated a willingness to examine and to develop cooperatively strategies to improve the coordination of nursing education in Minnesota.

The articulation task force outlined in its December 1981 report several changes in nursing education which have the potential for improving the transfer of coursework from one level to another.[10] The challenge is to implement these changes and monitor their effects on nurses wishing to advance educationally. Further, these changes would promote cooperation among post-secondary institutions. This will be essential if current conditions in post-secondary education continue.

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[9] *Minn. Laws 1981,* Chapter 359, Section 3, Subd. 14. See also Section 4, Subd. 2; Section 5, Subd. 2, and Section 7, Subd. 1.

Recommendations: The Coordinating Board favorably reviewed the report and recommended the following:

1. **That the governing boards implement the task force's recommendations: (a) that RNs need to take no more than two-thirds of the nursing coursework required of other nursing students in a baccalaureate programs; (b) that LPNs need to take no more than two-thirds of the nursing coursework required of other nursing students in an associate degree program; and (c) that articulation agreements be initiated and approved by the governing boards to formalize arrangements between and among institutions to ensure that nursing students receive appropriate credit and/or advanced placement for all credit granted.**[11]

Rationale: The purpose of the articulation task force was to develop specific plans to implement the concept of articulation. The current plan represents the efforts of the systems to date. In order to know their effectiveness, these concepts should be implemented. Further, immediate implementation will demonstrate nursing educators' and the systems' resolve to open the education process to nurses willing and able to advance educationally.

2. **That the State University System and the University of Minnesota provide appropriate prerequisite course offerings which support the New York Regents External Degree Program.**

Rationale: The New York Regents External Degree Program provides an opportunity to pursue a degree using educational resources available in the area. The New York Regents Program requires the nurse to complete prerequisite coursework at a college or university. Thus, to make this option generally available throughout the state, all college and university campuses should provide the prerequisite coursework. The New York program has been accredited by the National League for Nursing. This program enables a nurse to continue living and practicing in an area that does not have a baccalaureate nursing program. This program does require some travel, a highly motivated student, and much self-discipline. While this program does not fit the learning needs of all nurses, it does provide an accessible, proven program which can be expanded in Minnesota without additional state appropriations.

3. **That the Higher Education Advisory Council (HEAC) establish a Cooperative Articulation Office and that the Office be funded jointly by the post-secondary systems.**

Rationale: Developing and implementing new approaches requires expertise and technical assistance. Faculties will need to develop new or expanded means of assessing the knowledge of nurses applying for admission. Further, articulation assumes that educators in two or more programs agree on the course content to be presented in each program. Student counseling also must adapt by providing information and assistance relevant for a licensed practitioner desiring to advance educationally. These and other functions will need to be altered in order to complete the implementation of a system of articulated nursing education in the state. Since many of these functions could be provided centrally or cooperatively, the systems should fund a Cooperative Articulation Office in order to provide nursing education for the state most efficiently. Since this office would provide services supporting the internal management of the systems and institutions, the Higher Education Advisory Council should be responsible for developing the Office.

Governor's Task Force on Nursing: In reviewing the need for nursing education in Minnesota, the Coordinating Board concluded that future nursing enrollments were unlikely to meet the need for nurses in the coming years. An analysis of previous nursing graduates further revealed that for two nurses produced in Minnesota, the state receives the equivalent of only one full-time nurse in practice. About 70 percent of the state's licensed nurses are employed; many are working part time.

As a result of these findings, the Coordinating Board observed, "The final solution to the shortage of practicing nurses will require changes in the utilization of nurses in the health care system, increases in the retention of practicing nurses, improvements in the educational preparation of nurses for practice, and changes in society's view of the helping profession."[12] To assist in this plan, the Coordinating Board recommended changes in nursing education programs to improve career mobility and also recommended that the governor appoint a statewide task force representing nursing and other health care providers.

Based on this recommendation, the governor appointed 18 members to a task force in January 1981. The task force met monthly beginning in February. The Coordinating Board provided staff for the project.

From the beginning, the task force focused on the management practices of hospitals and long-term care facilities where three-fourths of the state's nurses are employed. The emphasis was on long-term solutions and changes that can begin to alter traditions within health care facilities that have produced an unsatisfactory working climate for nurses.

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[10] *Report of the Nursing Articulation Task Force* (December 1981).

[11] Minnesota Higher Education Coordinating Board, *Review and Recommendations on the Articulation of Nursing Education in Minnesota* (January 1982).

[12] Minnesota Higher Education Coordinating Board, *A Report on Nursing Education in Minnesota, with Coordinating Board Recommendations* (August 1980).

Working papers based on the literature of nursing and management were prepared for discussion. The task force then drafted its initial recommendations and distributed them to nursing, hospital, and long-term care constituencies throughout the state. Public meetings were held in Alexandria, Duluth, Rochester, and St. Paul to receive testimony on the draft recommendations. A report and final recommendations reflected the comments given at these meetings as well as the discussions among task force members.[13]

Summary of Recommendations: The Governor's Task Force on Nursing adopted the following recommendations:

To reduce discrepancies between the role of the nurse as a professional and the role of the nurse as an employee in health care facilities . . .

1. Hospital and nursing administrators should study and apply principles and models of managing professional employees that have been successfully applied in other industries.

2. As part of their orientation, in-service training, or ongoing internal communications, health care facilities should provide nurses with information on the economic and regulatory environment of the health care industry, the institutional budget process, and rate review procedures.

3. Health care institutions should consult with nurses before any decisions affecting nurses or nursing practice are made.

   a. Staff nurses should be included on unit and appropriate departmental committees and task forces.

   b. Staff nurses should be represented, either directly or through the participation of nursing administrators, on all relevant inter-departmental committees and task forces.

4. Health care facilities should provide nurses with training in organizational behavior and access to counselors who can support the use of interpersonal skills to solve organizational problems.

5. Staff nurses should be encouraged and recognized for initiating and developing suggestions that could improve the efficiency or effectiveness of nursing care.

To remove administrative barriers which interfere with the job satisfaction of nurses . . .

6. Head nurses (or persons occupying equivalent positions within nursing administration) should function as first level clinical managers and managers of the nursing staff.

   a. Head nurses should have the authority and responsibility for organizing the delivery of nursing care on their units, within general policies established by senior health care and nursing managers.

   b. Head nurses should have the authority and responsibility for selecting, evaluating, rewarding, disciplining, scheduling and developing the staffs of their units, within general policies established by hospital and nursing management and applicable collective bargaining agreements.

   c. Health care facilities should provide training in these responsibilities when head nurses are recruited from non-management clinical positions.

7. Staffing plans and schedules within an institution should be flexible so that head nurses, with the active participation of the nursing staff, can establish assignments that are consistent with (1) patient care standards, (2) overall staffing levels, (3) budgetary limitations, and (4) the individual preferences of nurses on the unit.

8. Each health care facility should initiate discussions among nursing and other departments to develop procedures which will minimize non-nursing expectations of nurses while preserving necessary services in a cost-effective manner.

9. Health care facilities should examine alternative ways of coordinating each patient's care.

   a. Three to five pilot projects should be implemented to develop methods of managing patient care in hospitals and long-term care facilities in ways that (1) conserve the time and energy of patients and staff, (2) assure that the activities of different departments are consistent with each other and with the patient's treatment plan, and (3) reduce conflicts among persons involved in delivering services to the patient.

   b. The design, implementation and evaluation of pilot projects should be jointly managed by the Minnesota Hospital Association, the Minnesota Association of Homes for the Aging, and the Minnesota Association of Health Care Facilities, in consultation with appropriate nursing and other professional associations.

   c. At least two pilot projects should evaluate organizational patterns which allow registered nurses to function as coordinators of patient care.

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[13] The Governor's Task Force on Nursing, *Final Report and Recommendations* (January 1982).

d. The Minnesota Hospital Association, the Minnesota Association of Homes for the Aging and the Minnesota Association of Health Care Facilities should be responsible for identifying pilot sites among their member institutions.

e. By June 1983, an objective, external evaluation of the pilot projects should be performed to identify the effects and implications of different methods of coordinating health care services.

To offer incentives which will retain experienced nurses throughout their careers . . .

10. Health care facilities should develop multiple career advancement opportunities to retain nurses with differing interests, abilities and practice preferences.

    a. Career paths for clinical, managerial and in-service education nursing functions should be based on defined levels of responsibility and skill as needed to organize the delivery of nursing care.

    b. Promotion should be based on demonstrated performance or potential to hold increasingly responsible positions.

    c. The Minnesota Hospital Association, the Minnesota Association of Homes for the Aging, the Minnesota Association of Health Care Facilities and the Minnesota Nurses Association should identify health care facilities which have adopted multiple career paths.

    d. The above associations should jointly sponsor an objective, external evaluation of the effects of career ladders in clinical nursing, nursing management and in-service nursing education, on-the-job satisfaction, retention, staffing and costs and present the results of the evaluation at a public meeting before January 1984.

To increase the accountability of the health care industry for solving retention problems . . .

11. The Minnesota Hospital Association, the Minnesota Association of Homes for the Aging, and the Minnesota Association of Health Care Facilities should jointly develop and administer an annual survey of nursing turnover rates for distribution to the boards of trustees and management of Minnesota health care institutions.

12. The Minnesota Hospital Association, the Minnesota Association of Homes for the Aging, and the Minnesota Association of Health Care Facilities should sponsor a project to review the characteristics of selected health care institutions with high or low nursing turnover.

    a. Nursing organizations should be consulted during the design, investigation and conclusion stages of the evaluation.

    b. Institutions chosen for case studies should not be identified by name since the focus should be on commonalities which lead to high and low turnover rather than specific circumstances.

    c. A report for the project should identify implications of the findings for health care administrators and for nursing administrators.

13. The management of each health care facility, in consultation with nursing and other departments, should establish contingency plans which (1) define minimum staffing levels needed to safeguard patient care and (2) specify actions to be taken when staffing falls below these levels.

14. With the participation of the nursing and medical professions, health care facilities should establish procedures to ensure nursing and medical staff communication and cooperation on matters of mutual interest and concern.

    a. The Joint Practice Committee of the Minnesota Nurses Association and the Minnesota Medical Association should develop models and guidelines for facility-based procedures to (1) identify and discuss practice issues and internal policies which affect both nurses and doctors, (2) make policy recommendations to the medical, nursing and other departments on inter-professional concerns, (3) provide for regular communication between the medical and nursing organizations and staffs, and (4) assist other disciplines in bringing problems requiring joint nursing-medical action before a common forum.

    b. The Joint Practice Committee should distribute the results of its work on nursing-medical communication models to all Minnesota Hospitals and long-term care facilities by January 1984.

15. The medical and nursing staffs at each institution should together establish fair and accessible procedures for responding to alleged problems of medical care, nursing care, or interpersonal relationships between physicians and nurses.

    a. Internal review mechanisms should formally provide for a means for a nurse to initiate a review of a physician's practice and a means for a physician to initiate a review of a nurse's practice.

    b. Continuing attitude and behavior problems which interfere with working relationships among members of the health care team should be sufficient cause to begin medical or nursing review proceedings.

c. The medical and nursing review processes, rather than administrative actions, should be the primary means of investigating and correcting serious practice problems.

16. The salaries, promotional opportunities and other forms of recognition earned by chief executive officers, directors of nursing, nursing supervisors and head nurses should incorporate an evaluation of their record in managing nursing turnover problems consistent with the level of authority and responsibility assigned to each position.

To strengthen the ability of nursing to cope with rapid change in the health care industry . . .

17. As part of its basic public service mission to the state, the University of Minnesota should carry out a research program on cost-effective management practices in health care facilities.
    a. Research should be conducted to identify efficient staffing patterns within nursing and between nursing and other health care occupations.
    b. Research should be conducted to develop technology and operating procedures which will increase the productivity of nursing and other health care services.
    c. Research should be conducted to evaluate the effects of different management practices on the retention and job satisfaction of nurses.

18. As part of its basic public service mission to the state, the University of Minnesota should carry out a research program to document the cost-effectiveness of nursing clinical standards and functions.

5. The Awarding of Academic Credit in Minnesota Post-Secondary Education

Introduction: In June 1981 the Coordinating Board received a staff study of part-time and returning students and adopted 16 recommendations. (See Section III.B.8.) One of the issues highlighted by the study was academic credit and factors affecting its use by post-secondary education institutions. In view of the problems concerning the standards used for credit hours, the Coordinating Board staff in 1982 initiated a study on the awarding of academic credit in Minnesota post-secondary education.

The Issue: The issue is how to strengthen the meaning and usefulness of academic credit awarded by Minnesota's post-secondary education institutions.

Background: The Board's Part-Time and Returning Student Study found the following about academic credit:

1. There are no consistent standards for the awarding of academic credit;
2. The applicability of credits toward degree requirements may depend on the time, manner and place of delivery;
3. Since most budgets are driven by credit production, public institutions operate under strong incentives to award academic credit whenever possible; non-credit instruction does not generate state aids; and
4. There is a danger that as competition for students increases, the meaning of academic credit will be diluted.

In response to these concerns, the Coordinating Board adopted the following three recommendations:

1. That Higher Education Coordinating Board staff conduct a study to examine the meaning of the academic credit in public and private collegiate institutions, ways in which accountability can be reinforced, and implications for inter-institutional cooperation.
2. That each institution eliminate restrictions on the use of credits toward degree requirements when the credits have been earned in their own programs and when the restrictions are based solely on the time and place of delivery.
3. That except for credit by examination, institutions not award credit for prior non-school learning unless (1) clearly stated criteria are in effect, and (2) faculty evaluators have been trained to assess the learning from experiences prior to enrollment.

The Board's study is focusing on the definition of academic credit, accountability for awarding credit, and the implications for inter-institutional cooperation. The study is examining what different institutions and systems mean when they award credit. This will help identify the standards used in awarding credit. Included are questions about how credits are defined, residency, credit by examination, credit for work in non-degree programs, and other forms of credit assessment. Second, the study is reviewing how institutions are accountable for the credit they offer. This will provide an understanding of current procedures used to assure that standards are upheld in awarding credit. This involves who within the institution is the final arbiter of awarding credit and the quality review processes of the school, accrediting associations, and post-secondary education systems which assure equity in the awarding of credit. Third, in reviewing the implications of the definitions of credit and the processes of accountability, the study is considering their impact on inter-institutional cooperation. This will help identify policies regarding academic credit which will not inhibit cooperation between institutions.

Status: The Coordinating Board in February 1983 is to receive a report of the study findings and policy paper with alternatives.

6. Better Information for Students: Education Information Resources and Activities

Introduction: During 1980 and 1981 the Coordinating Board was involved in activities to assess and improve the availability and quality of education information in Minnesota. These activities were funded with a grant from the United States Education Department as part of a national "better information for students" effort and with matching resources from the agency. Activities included sponsorship of regional and statewide workshops to assess the status of Minnesota's education information, development of new information for prospective post-secondary students, and assessment of public policies which affect the availability and quality of education information — particularly those resources provided by post-secondary institutions as part of their recruitment efforts. A staff paper on education information resources and activities was presented to the Board in 1981.[14]

The Issue: Three issues considered were access to education information resources for all Minnesota residents, use of state tax dollars to support education information activities, and quality and effectiveness of tax-supported information resources — particularly those in post-secondary recruitment.

Background: In 1974, when the Board first assessed the growing concern with recruitment standards, it endorsed the "Joint Statement on Principles of Good Practice in College Admissions and Recruitment," a policy statement of the American Association of Collegiate Registrars and Officers, the College Board, the National Association of College Admissions Counselors, and the National Association of Secondary School Principals.[15] This statement is used widely as a guide to accepted recruitment practices and recently has been revised to reflect current concerns.

Through its activities the staff found that:

1. General awareness of the 1974 Board position on education recruitment and information has been low; however, there is strong endorsement by information providers statewide that the statement is an excellent and useful guide for self-regulation;
2. Consumers and providers of post-secondary education need to be better informed about their information responsibilities and rights and about how to evaluate education information, particularly since post-secondary recruiters continually are developing greater sophistication in their marketing strategies; and
3. The state role in monitoring the quality and accessibility of education information should continue to be evaluated and exercised appropriately.

The major conclusion from the project was that questionable education and recruitment information activity in Minnesota has been limited; however, with increased competition for a declining pool of students anticipated a re-examination of the subject may be required.

Recommendations: In December 1981, the Coordinating Board adopted the following recommendations:

That the Board endorse the 1979 revised "Joint Statement on Principles of Good Practice in College Admissions and Recruitment" as developed by the American Association of Collegiate Registrars and Admissions Officers, the College Board, and the National Association of Secondary School Principals; and

That the Board staff distribute copies of the 1981 Board position to education information providers throughout Minnesota, particularly those affiliated with post-secondary institutions and high schools; and

That the Board recommend to the boards of Minnesota's post-secondary systems that this statement be adopted as guidelines for personnel within their systems.

Rationale: A questionnaire responded to by information providers statewide showed support for the statement as providing useful guidelines for the development and distribution of education information resources. The national organizations endorsing the Statement revised it in 1979 to reflect current standards and conditions. The Statement now contains principles and ethics of promotion and recruitment, application procedures, financial assistance, and advanced standing and awarding of credit. The Statement is addressed to secondary schools and community agencies as well as to post-secondary institutions.

Continued Board support and statewide distribution of the Statement will establish the Board's continuing concern that ethical standards be maintained by information providers statewide, the majority of whom receive some state fiscal support for their efforts.

Status: The Coordinating Board's 1981 position was distributed to the boards of Minnesota's post-secondary systems and to education providers throughout

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[14] Minnesota Higher Education Coordinating Board, ***Better Information for Students: Report on Education Information Resources and Activities, A Status Report*** (November 1981).

[15] Minnesota Higher Education Coordinating Board, ***Making the Transition: Report to the 1975 Minnesota Legislature*** (January 1975).

Minnesota. The "Joint Statement on Principles of Good Practice" has been adopted by the University of Minnesota Board of Regents, the State University Board, and the State Board for Community Colleges.

7. Faculty Mobility

Introduction: Easing the transition to the private sector for faculty affected by enrollment declines will be a major challenge in the 1980s.

The Coordinating Board addressed this issue as part of a three-part project to help the state plan for anticipated enrollment declines. A Ford Foundation grant provided partial support for the project. Other components covered under the grant were the review of goals for post-secondary education (see Section II) and the work of the Future Funding Task Force (see Section III.B.2).

The Issue: The issue is to seek to reduce the anxiety of faculty threatened by anticipated contraction and to help create a climate conducive to career moves and career renewal.

Status: A planning committee was selected by the Higher Education Advisory Council to explore ways to preserve and maximize the knowledge and experience of highly qualified staff who may be lost during periods of enrollment decline.

A statewide conference was held in October at which participants discussed such topics as affiliation between educational institutions and the private sector, and what post-secondary institutions can do to ease the transition between teaching and working in the private sector.

The goal of the conference was to help personnel at institutions to deal with retrenchment and faculty mobility. Speakers and panelists included both educators and people from the private sector.

The keynote speaker was Todd Furniss, director of the Office of Academic Affairs for the American Council on Education. He has spoken and written extensively on reshaping faculty careers. Another featured speaker was Janet O. Hagberg of Minneapolis, president and owner of a firm specializing in career management services for business, higher education and state government. The program included three panels. A panel on retrenchment issues included the following participants who have had experience in addressing the problems: William Nelsen, president of Augustana College; Mordechai Kreinin, professor of economics at Michigan State University; John Haugland, vice chancellor for academic affairs and dean of the faculty at the University of Wisconsin, Superior, and Richard Catalano, vice chancellor for faculty-staff relations at the City University of New York. The other two panels focused on "successful transition out of academia" and "support services for careers in transition."

8. Federal-State Relations

Introduction: Although the United States Constitution relegates to the states primary responsibility for educating the citizenry, federal education policies and appropriations nonetheless greatly affect education in Minnesota, particularly the post-secondary education community. Federal actions by the executive, legislative, and judicial branches regularly affect students, faculty members, and institutions as well as state policies and practices.

The most noticeable federal influence comes through direct and indirect federal expenditures to support students, faculty, equipment, facilities, research staff, and patient care.

In Fiscal Year 1982, the U.S. Department of Education received approximately $7.3 billion to fund a variety of post-secondary education programs, with 95 percent of this funding provided specifically for student assistance. About $150 million of this assistance was for benefits to Minnesota students, which represented about 80 percent of Fiscal Year 1982 funding for public student assistance available through state and federal programs combined.

The federal government also provided an appreciable amount – $4.7 billion – for the direct support of research and development (R & D) projects conducted at colleges and universities.

Approximately 1.8 percent of these R & D funds flowed to Minnesota institutions, with nearly 99 percent – about $85 million – coming to the University of Minnesota alone.

Beyond these direct effects, federal policies also often indirectly influence post-secondary education. Federal laws and regulations, such as minimum wage laws, standards for safety and access for employees, affirmative action guidelines, minimum requirements for retirement programs, and research contract compliance requirements frequently affect both the nature and cost of providing educational services. Likewise, the increasing costs of federal services, such as the postal service, have a significant impact on post-secondary education.

Background: The federal government has a long history of providing post-secondary assistance through a variety of approaches. The first significant federal investment in post-secondary education came with the land grant commitments to institutions in the 1860s. By the time the next major commitment developed, to provide G.I. entitlements following World War II, the federal government also had spawned a new source of support within the nation's universities by funding research projects of national interest. In the late 1950s, the launching of Sputnik created concern that the United States was falling behind other world powers in the availability of technically skilled manpower. As a result, the federal government greatly increased its funding for post-secondary education in three ways: it increased funding for research and development, much of which was conducted within universities; it funded the construction of higher education facilities to accommodate the large influx of new students; and it provided direct student financial assistance to encourage a higher level of educational achievement.

Although federal aid to students was provided before the 1960s, the major thrust toward equalizing educational opportunity did not appear until passage of the Higher Education Act of 1965. This act provided for grants to students of exceptional financial need through the Education Opportunity Grant Program (now called the Supplemental Educational Opportunity Grant Program). It also expanded the 1964 College Work-Study Program, which provided for part-time employment opportunities for students with insufficient resources, and it established the Guaranteed Student Loan Program to supplement the National Defense Student Loan Program (now called the National Direct Student Loan Program).

The 1970s brought significant changes in federal funding for post-secondary education. The rate of growth in R & D funding tapered off; by the end of the decade there was little or no real growth in this area of federal spending for colleges and universities. The major change that occurred in the 1970s, however, was the shift almost entirely from providing direct aid to post-secondary institutions to providing increased aid to students. Direct forms of institutional aid, such as the College Housing Loan Program and the Loan Program for Construction of Academic Facilities, were phased out totally and funding for other programs, such as Land-Grant Colleges and Universities Program, was reduced greatly.

In contrast, the 1970s witnessed rapid growth in federal student assistance. In 1972, the Basic Educational Opportunity Grants Program (BEOGs — now known as the Pell Grant Program) was introduced to supplement previously existing grant, loan, and college work-study programs. Between 1970 and 1980 federal funding for student assistance increased from $1.9 billion to $8.7 billion, an increase of more than 350 percent.

Federal funds represent the largest source of student financial assistance in Minnesota — approximately 70 percent of all need-based aid. By Fiscal Year 1980 about $83 million in federal funds was available to help Minnesota students pay their post-secondary education expenses through the Pell, Supplemental Educational Opportunity Grant, College Work-Study, and National Direct Student Loan Programs. The percentage of federal dollars available in Minnesota for student financial aid represents 2 to 3 percent of total federal funding for these programs.

Twice during the decade, with passage of the Middle-Income Student Assistance Act (MISSA) in 1978 and Reauthorization of the Higher Education Act in 1980, eligibility for federal aid was expanded to incorporate benefits for less needy students. MISSA extended eligibility for BEOGs to students from families with adjusted gross incomes of up to $25,000, starting with the 1979-80 school year. Previously only students from families with incomes below $15,000 were generally eligible for these grants. MISSA also extended eligibility to all students for highly subsidized Guaranteed Student Loans (GSLs), rather than restricting these loans to students from families with incomes below $25,000 as had been the case previously. The 1980 reauthorization further extended eligibility for the Pell Grant Program. It authorized an increase in maximum awards from $1,800 to $1,900 for the 1981-82 school year, rising to $2,600 by 1985-86.

The federal fiscal constraints of the 1980s, however, have led to a precipitous shift in federal support for post-secondary education. In virtually every area funding has diminished.

R & D funding for universities has both declined and changed in focus. After adjusting for inflation, federally funded university research declined by 6 percent between Fiscal Year 1981 and Fiscal Year 1982 alone. Furthermore, federal priorities clearly have shifted, with a much stronger emphasis on defense related research and diminished emphasis on health and social science related research. Indeed, defense related research is the only area of university based research in which federal funding is increasing more rapidly than inflation. These federal trends have affected R & D funding within Minnesota's universities. The University of Minnesota, for example, received 5 percent more in direct sponsored research in Fiscal Year 1981 than in Fiscal Year 1982, although this amounted to 2 percent less funding after adjusting for inflation.

For student assistance, recent federal funding trends have been mixed. In most of these programs, funding has changed little over the last five years, as indicated in Table 21 and Figure 11. For example, funding for the Pell Grant Program, the largest federal grant program, increased 12 percent over the five-year span; though notably, funding has remained almost constant since 1979.

After adjusting for inflation, however, funding for these programs declined appreciably. Pell Grant funding, for example, declined more than 25 percent in real terms as shown in Table 22 and Figure 12.

Because these funding cuts have occurred at the same time that eligibility was twice expanded (through MISSA and the 1980 reauthorization), the increased benefits to middle-income students have come at a high cost to the most needy students to whom the programs previously had been targeted.

For Minnesota students, the avail-

TABLE 21
FIVE-YEAR FUNDING HISTORY FOR FEDERAL STUDENT ASSISTANCE (DOLLARS IN MILLIONS) FISCAL YEARS 1978-1982[1]

	Fiscal Year				
Program	1978	1979	1980	1981	1982
Pell	$2,160	$2,458	$2,441	$2,346	$2,419
SEOG	270	340	370	370	355
CWS	435	550	550	550	528
NDSL	326	329	301	201	193
SSIG	77	77	77	77	74
GSL	480	945	1,609	2,535	3,074
SSSB[2]	1,400	1,500	1,700	2,000	1,400

Pell: Pell Grants (formerly Basic Educational Opportunity Grants).
SEOG: Supplemental Educational Opportunity Grants (Campus-Based)
CWS: College Work-Study (Campus-Based)
NDSL: National Direct Student Loans (Campus-Based)
SSIG: State Student Incentive Grants
SSSB: Social Security Student Benefits

[1] Federal appropriations for the Pell, SEOG, CWS, NDSL and SSIG programs are forward funded. That is, appropriations for Fiscal Year 1982 beginning October 1, 1982, are used in the 1982-83 school year. The GSL and SSSB programs are current funded. That is, appropriations for Fiscal Year 1982 beginning October 1, 1982 are used in the 1981-82 school year.

[2] Estimated.

Source: Minnesota Higher Education Coordinating Board.

FIGURE 11
FIVE-YEAR FUNDING HISTORY FOR FEDERAL STUDENT ASSISTANCE (DOLLARS IN MILLIONS) 1978-1982

Pell: Pell Grants (formerly Basic Educational Opportunity Grants)
SEOG: Supplemental Educational Opportunity Grants
CWS: College Work-Study
NDSL: National Direct Student Loans
SSIG: State Student Incentive Grants
GSL: Guaranteed Student Loans
SSSB: Social Security Student Benefits

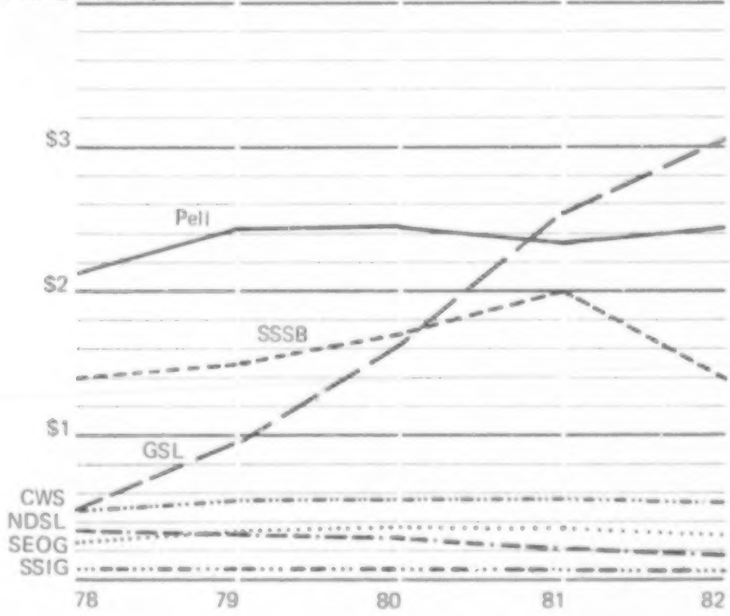

TABLE 22
FIVE-YEAR FUNDING HISTORY FOR FEDERAL STUDENT ASSISTANCE IN CONSTANT 1978 DOLLARS (DOLLARS IN MILLIONS) FISCAL YEARS 1978-1982

	Fiscal Year				
Program	1978	1979	1980	1981	1982
Pell	$2,160	$2,224	$1,943	$1,685	$1,604
SEOG	270	308	295	266	235
CWS	435	498	279	395	350
NDSL	326	298	240	144	128
SSIG	77	70	61	55	49
GSL	480	855	1,281	1,820	2,038
SSSB[2]	1,400	1,358	1,353	1,436	1,325

Pell: Pell Grants (formerly Basic Educational Opportunity Grants)
SEOG: Supplemental Educational Opportunity Grants (Campus-Based)
CWS: College Work-Study (Campus-Based)
NDSL: National Direct Student Loans (Campus-Based)
SSIG: State Student Incentive Grants
SSSB: Social Security Student Benefits

[1] Federal appropriations for the Pell, SEOG, CWS, NDSL and SSIG programs are forward funded. That is, appropriations for Fiscal Year 1982 beginning October 1, 1982, are used in the 1982-83 school year. The GSL and SSSB programs are current funded. That is, appropriations for Fiscal Year 1982 beginning October 1, 1982 are used in the 1981-82 school year.

[2] Estimated.

Source: Minnesota Higher Education Coordinating Board.

FIGURE 12
FIVE-YEAR FUNDING HISTORY FOR FEDERAL STUDENT ASSISTANCE IN CONSTANT 1978 DOLLARS (DOLLARS IN MILLIONS) 1978-1982

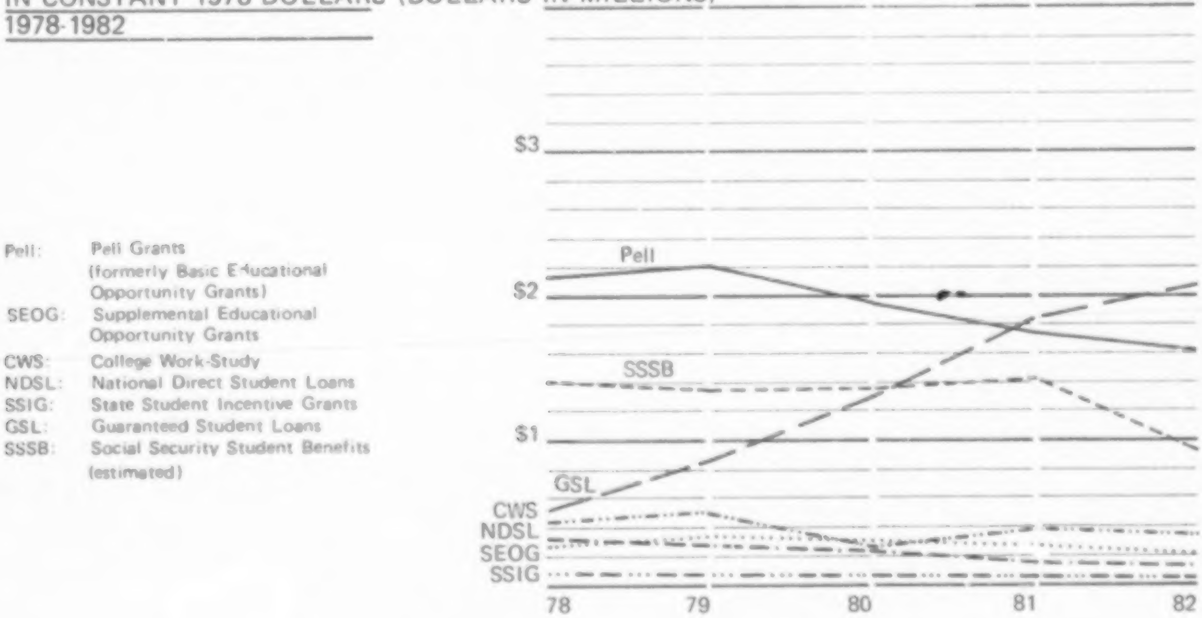

TABLE 23
TRENDS IN THE MAXIMUM FEDERAL PELL GRANT ELIGIBILITY AT VARIOUS MINNESOTA POST-SECONDARY INSTITUTIONS
1979-80 – 1982-83

	1979-80	1980-81	1981-82	1982-83
University of Minnesota				
Maximum Pell Grant	$1,628	$1,720	$1,670	$1,800
Student Budget	3,255	3,561	3,972	4,573
Maximum Percent of Budget Covered by Pell	50%	48%	42%	39%
State University System				
Maximum Pell Grant	$1,135	$1,164	$1,242	$1,427
Student Budget	2,270	2,328	2,483	2,854
Maximum Percent of Budget Covered by Pell	50%	50%	50%	50%
Community College System				
Maximum Pell Grant	$1,038	$1,059	$1,110	$1,188
Student Budget	2,075	2,108	2,220	2,376
Maximum Percent of Budget Covered by Pell	50%	50%	50%	50%
Moderately Priced Private (Augsburg)				
Maximum Pell Grant	$1,800	$1,720	$1,670	$1,800
Student Budget	5,385	5,906	6,777	7,497
Maximum Percent of Budget Covered by Pell	33%	29%	25%	24%

Source: Minnesota Higher Education Coordinating Board.

ability of aid has paralleled the changes at the federal level – increased eligibility has not been accompanied by increases in funding. As a result, aid to the most needy students has diminished in recent years. For example, in the 1982-83 school year the maximum Pell Grant, $1,800, will cover 39 percent of a student's costs at the University of Minnesota, whereas in 1979-80 the maximum Pell Grant (then $1,628) covered 50 percent of a student's university costs, as shown in Table 23. Coincident with this decline in benefits to the most needy students, the number of Pell Grant recipients in Minnesota increased from about 38,000 in 1978-79 to an expected 54,000 in 1982-83, an increase of 43 percent.

Two exceptions to these recent trends in federal funding have been Social Security student benefits, for which funding has been radically reduced, and Guaranteed Student Loans, for which funding has increased radically.

By far the largest single federal reduction in student aid has resulted from the gradual elimination of Social Security educational benefits. Prior to the 1982-83 school year, 18 to 21 year-old dependents of retired, disabled, or deceased workers received Social Security benefits while enrolled in school. During the 1981-82 school year, students received more than $2 billion through this program. The Budget Reconciliation Act of 1981, however, eliminated this benefit for all entering students and phased out the benefits over three years for previous recipients. As a result, funding for this program declined by 30 percent this year, 35 percent after adjusting for inflation.

The only exception to the general decline in federal student assistance has been for Guaranteed Student Loans, for which federal funding increased more than 500 percent between 1978 and 1982. Two factors account for this phenomenal growth, the great increase in loan volume that occurred following the extension of benefits to all students in 1979 and the increasing contingent cost from prior obligations. These have been exacerbated by high interest rates to which the costs are tied. Through the Budget Reconciliation Act of 1981, eligibility restrictions for the GSL Program were reimposed by the Congress. A $30,000 income threshold was instituted October 1, 1981; students from families with incomes higher than this amount must demonstrate financial need to qualify for subsidized loans. Borrowers with family incomes of $30,000 or less automatically qualify for interest benefits. Also, the cost of borrowing was increased by the addition of a 5 percent origination fee charged on the principal of each loan. Because Minnesota is a lender under the GSL Program, changes made by Congress affect students applying for loans from the State Student Loan Program administered by the Coordinating Board as well as by private lenders.

Status: Federal funding for Fiscal Year 1983 has not been completed. A continuing resolution, which provides funding through November 1982, assumes level funding of all student assistance programs. Funding levels, however, are subject to change when the continuing resolution expires. The President has requested reducing federal student assistance by about 50 percent through the elimination of several programs (State Student Incentive Grants, Supplemental Educational Opportunity Grants, and National Direct Student Loans) and the radical reduction of other programs (Pell Grants, Guaranteed Student Loans, and College Work Study). The first budget resolution approved by Congress in the summer of 1982 to set appropriations guidelines assured only modest reductions in student aid, although those cuts are not mandated in the budget resolution. Moreover, the reductions have not been incorporated into the continuing resolution and may not be incorporated into the final appropriations bill. What appears apparent is that federal funding levels for student assistance will remain tight, and it is highly unlikely that they will keep pace with increases in costs due to inflation.

Recommendations: To protect and promote constructive federal-state relations in post-secondary education, the Higher Education Coordinating Board recommends the following:

1. **That post-secondary institutions, faculty and students continue efforts to make the most effective use of existing federal resources;**

2. **That the governor and legislature prepare contingency plans, including the necessary funding, to compensate for reduced federal funding in areas of high priority to the state;**

3. **That the Board and systems of post-secondary education in Minnesota work cooperatively to evaluate the impact of federal funds in the state and communicate the results to Congress and the legislature; and**

4. **That the Board and legislature continue to relate state student assistance policies and appropriations to the availability of federal student assistance.**

Rationale: Reductions in federal support are critical to Minnesota, particularly since federal programs are the largest source of assistance for students and the state programs were developed to complement and make the maximum use of federal assistance. As further reductions occur, more attention will be focused on the state role in assisting students. In the 1970s prudent state policy required close coordination of state and federal policy and programs. The uncertainty of the federal role in the 1980s, however, requires the state to assume the primary role in assisting students and its role should be independent of federal policies. This independence is necessary for the state to achieve its goal of promoting equal educational opportunity with the least disruption possible from federal policy changes.

B. PLANNING, RESEARCH, AND POLICY ANALYSIS

1. Introduction

The Coordinating Board's legislative mandate provides that it should "continuously study and analyze all phases and aspects of higher education and develop necessary plans and programs to meet present and future needs and that it should engage in long-range planning of the needs of higher education."[16] In accordance with this mandate, the Board has been addressing several major policy issues. The underlying theme for these projects is the challenge of ensuring the availability of quality educational opportunities in a period of enrollment declines and limited fiscal resources.

Several of the issues have been under consideration for more than one biennium, while two projects – a review of the state's financial aid policy and state policy toward the private sector – were initiated during the 1981-83 biennium.

A critical issue affected by enrollment declines is how to fund post-secondary education. In 1980 the Board established a special task force of educational, governmental, and citizen leaders to explore future funding alternatives. Financial assistance was provided by a grant from the Ford Foundation. The task force has been meeting since fall 1980. It issued an interim report in April 1982 and was to submit a final report in late fall. This section describes the work of the Future Funding Task Force. A major funding issue is determining the share of costs to be borne by the state through direct institutional subsidies and financial aid and by students through tuition. The section summarizes the Board's tuition policy recommendations.

Also presented in this section are the findings and recommendations from the Coordinating Board's study of student financial aid in the 1980s. To better promote the goal of equal educational opportunity, the Board has proposed a redesign of the State Scholarship and Grant Program.

To preserve a vital, dual system of post-secondary education, the Board has proposed some changes in the state's policy of providing support to the private post-secondary sector. These changes, described in this section, resulted from the Board's examination of state policy toward the private sector.

In view of declining enrollments, the 1979 Legislature assigned the Board to conduct studies of the Community College System and the public area vocational-technical institutes. The Board's *Report to the Governor and 1981 Legislature* included progress reports on these studies. Subsequent to the publication of that report, the Board issued final reports and adopted recommendations. Legislation based on these proposals was considered during the 1981 and 1982 sessions but was not approved. This section reviews the Board's recommendations.

In January 1982 the legislature, in conjunction with its efforts to solve the state's financial problems, approved legislation directing the public post-secondary education systems to develop plans for providing services under conditions of declining enrollments. The Coordinating Board was directed to review and comment on these plans. This section summarizes responsibilities under this mandate for both the post-secondary systems and the Coordinating Board.

The section reports the Board's recommendations on the Part-Time and Returning Student Study and the needs of Latino/Hispanic students in Minnesota post-secondary education. Findings from these studies appear in the last biennial report, but recommendations were not adopted until after publication of the report.

As the Board assesses the results of these major policy studies, – funding, financial aid, policy toward the private sector and governance – it becomes apparent that they overlap. A major challenge will be to find ways to integrate recommendations into a comprehensive policy that will benefit the state in the 1980s and 1990s.

2. Future Funding Task Force

Introduction: The Higher Education Coordinating Board in January 1980 established the Task Force on the Future Funding of Post-Secondary Education to examine the implications of projected enrollment declines on current funding policies and to explore some alternative policies. The decision to invite key participants in state funding of post-secondary education to serve on the task force was made following the November 1979 annual meeting of governing boards which examined the implications of enrollment declines on current funding methods.[17] The task force, comprised of representatives from the education community, government, and the public, has been meeting since fall 1980. Funding to help support the project has been provided by a Ford Foundation grant to the Coordinating Board.

Charge to the Task Force: In May 1980 the Coordinating Board gave the Task Force its charge for the study of funding. It reads: The Task Force shall:

A. Be convened and staffed by the Coordinating Board and chaired by the executive director or his designee.

B. Assess the implications of continuing existing funding policies and implications of alternative funding policies, including those alternatives which recognize fixed and variable cost behavior.

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[16] *Minn. Stat.* Section 136A.04 (1980).

[17] Minnesota Higher Education Coordinating Board, *State Funding for Post-Secondary Education in the 1980s and Beyond: Working Paper and Proceedings of Annual Meeting with Governing Boards* (November 29, 1979).

C. For purposes of evaluation, precisely define the funding policies to be considered, including a description of how each policy should be implemented.

D. Define criteria, consistent with the state's goals for post-secondary education, for evaluating the advantages and disadvantages and cost of funding policies.

E. Recommend feasible alternative funding policies for post-secondary education in a period of declining enrollments and constrained resources. The recommended policies should recognize and enhance the mission of the systems of post-secondary education in order to provide the highest quality of opportunities to Minnesota citizens.

F. Make an interim report on its progress and findings to the Coordinating Board and respective governing boards.

G. Make a final report on feasible policy alternatives to the Coordinating Board.

Membership: The Task Force has 16 members representing the education community, government, and the public. They are:

Education

John Feda, Commissioner of Education;

Jon Wefald, Chancellor of the State University System;

Philip C. Helland, Chancellor of the Community College System;

James Krause, member of the Higher Education Coordinating Board;

C. Peter Magrath, President of the University of Minnesota;

Wilbur Nemitz, Representative of the Minnesota Association of Private Vocational Schools on the Higher Education Advisory Council;

Marion Shane, Executive Director of the Minnesota Private College Council;

Government

Representative Lyndon R. Carlson, Chairman of the Education Division, House Appropriations Committee;

Senator Jerome M. Hughes, Chairman of the Senate Education Committee;

Representative Carl M. Johnson, Chairman of the House Education Committee;

Verne Johnson, Vice President for Strategic Planning, General Mills Corporation, Governor's Representative;

Senator Tom A. Nelson, Chairman of the Education Subcommittee, Senate Finance Committee;

Allan L. Rudell, Commissioner of Finance;

Public Members

James Hetland, Vice President, First Bank, Minneapolis;

Norman Indall, Winona, former mayor of Winona and head of Social Science Department, Winona public schools;

Hazel Reinhardt, Director of Research, *Minneapolis Star and Tribune.*

Background: In the first phase of its work the Task Force received information on financing post-secondary education from several sources in and outside Minnesota who made presentations. They included the following:

Roger Moe, Minnesota Senate majority leader, and Mike Sieben, chairman of the Minnesota House Appropriations Committee. They discussed a variety of issues regarding state funding of higher education and supported the need to find cost-saving measures in post-secondary education.

Kenneth Lindner, Wisconsin secretary of Administration; Robert O'Neil, president of the University of Wisconsin System; and Richard Flintrop, member of the Assembly. They described the fixed and variable cost funding mechanism used for the University of Wisconsin System.

George Weathersby, commissioner of the Indiana Commission for Higher Education. He discussed the implications of two different funding strategies – to treat all institutions, public and private, as if they were public, or to treat all institutions as private. Under this model, all institutions would compete to provide public services on a contractual basis.

David Breneman, senior fellow in the Economic Studies Program at the Brookings Institution. He commented on federal policy in education, state strategies for providing higher education, financial support for private institutions, and financial support for community colleges.

Fred Crossland, director of the Division of Education and Public Policy of the Ford Foundation. He addressed the effects of demographic trends on higher education in the 1980s and 1990s. He urged the Task Force to consider the market segmentation of enrollments following a period of enrollment decline.

Wayne Brown, director of the Tennessee Higher Education Commission. He spoke on performance-based aspects of funding which create incentives for public institutions in his state.

Neil Dieterich, chairman of the

Schools Aid Subcommittee of the Senate Education Committee, and Representative Bob McEachern, chairman of the Schools Aids Division of the House Education Committee. They outlined AVTI financing in Minnesota.

Jim Leskee, director of the Coordinating Board's Division of Financial Aid. He described the types of financial aid for students and current levels of support available through the major aid programs of the federal and state governments. He commented on issues in state financial aid policy for the 1980s.

The second phase of the project was a detailed examination of the long-range revenue and expenditure patterns that would result from maintaining current financing policies into the future.

An interim report summarizing the proceedings of the task force through April 1982 was published. It summarizes the presentations by guest speakers, presents highlights from the fiscal projections, discusses funding alternatives including their effects on educational issues, and lists possible criteria for evaluating the alternatives.[18]

Summary of Findings: Before reviewing the funding projections, the task force identified various funding methods adopted by the legislature for determining its appropriations to post-secondary systems and the methods used by the systems for allocating funds to individual institutions. Most of the methods are related to enrollments. Some recognize marginal costs, economies of size, and operational cores that assure specified minimum levels of support for institutions with low enrollments. Other methods provide funds for programs with less emphasis on enrollments.

The task force reviewed 20-year projections of resources for Minnesota public post-secondary education derived by applying current funding methods to projected enrollments. The projections show staffing, expenditures, and revenue for each public system and institution. The projections illustrate the effects of the state's fiscal crisis, reductions in state appropriations, and increases in tuition revenue. They also indicate that the overall decline in post-secondary enrollments will result in declining resources for post-secondary education. Generally, the more responsive funding is to enrollment the greater would be the reduction in resources.

The projections reveal several patterns. In the collegiate systems, which have enrollment-related funding, the decline in resources would be of less magnitude than anticipated declines in enrollments. One reason for this is that expenditures not related to enrollments would remain stable. Another reason is that the current state policy – the enrollment bulge policy – would hold state appropriations constant until enrollments fall below 1977 levels. This would result in increased expenditures per student for each system as a whole.

For individual institutions, however, the situation likely would vary. Enrollment declines would withdraw more resources proportionally from larger institutions than from small institutions. The result would be greater expenditures per student at small institutions than at larger ones. Another aspect would be lower faculty-student staffing ratios at smaller institutions. Larger institutions thus would bear most of the burden, in effect giving up resources to maintain smaller institutions.

The situation at AVTIs would be somewhat different from the collegiate systems, the projections indicate. The current method of program-based funding would provide relatively stable levels of resources to the AVTIs despite declining enrollments. In fact, lower tuition revenue resulting from declining enrollments would require additional state resources to maintain stable funding levels.

Some AVTIs might experience rising enrollments. Because of fixed staffing within a 10 percent enrollment band, these AVTIs would not experience matching increases in resources. As a result, expenditures per student at growing AVTIs would decline while expenditures per student would increase at AVTIs with falling enrollments.

The Task Force has been analyzing alternative funding policies, evaluating them in terms of a set of criteria and in relation to the financial projections of current policies. Several broad approaches for future funding were identified by the Task Force. They include funding based on average cost per student, marginal costs per student, program based costing, performance-based funding, and core funding of minimal program needs.

The Task Force investigated four alternative funding policies – average cost funding, fixed and variable cost funding, core funding, and program funding. An average cost policy would relate funding directly to enrollments. A fixed and variable cost policy would relate funding for variable expenditures directly to enrollments and provide stable funding for fixed expenditures. A core policy would provide stable funding to small institutions for a minimum program offering regardless of enrollment levels. A program policy would provide stable funding to all institutions on the basis of their program offerings, which would vary only as a result of drastic enrollment changes.

The Task Force reviewed the projected resource requirements of the four alternative funding policies. Each alternative was simulated in conjunction with the current tuition policy –

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[18] Minnesota Higher Education Coordinating Board, *Interim Report of the Task Force on Future Funding for Post-Secondary Education* (April 1982).

maintaining constant 1983 dollar tuition rates – and an alternative tuition policy setting tuition revenue equal to 33 percent of operating expenditures for the collegiate systems and 17 percent of operating expenditures for the AVTIs.

Average cost funding would cause stable staffing ratios and levels of expenditures per student regardless of enrollment levels. Differences between institutions in expenditures per student and staffing ratios would be those which existed in the base year. For all systems, an average cost funding policy would provide fewer resources than any current funding policies or any other alternative. Consequently, required state appropriations would be lower with average cost funding than with any other funding policy under both the current and alternative tuition policies.

A fixed and variable cost policy would cause decreases in staffing ratios and increases in expenditures per student in periods of enrollment decline. As enrollments increase, staffing ratios would rise and expenditures per student would decline. Thus, a fixed and variable cost funding policy would increase disparities between small institutions and large institutions. The collegiate systems would receive more and the AVTIs fewer resources under fixed and variable cost funding than under current funding policies. Consequently, a fixed and variable cost policy combined with the current tuition policy would require higher levels of appropriations for the collegiate systems but lower levels of appropriations for the AVTIs. If fixed and variable funding were combined with the alternative higher tuition policy, however, levels of state appropriations would be lower than under current policies for all systems.

Program funding would cause significant decreases in staffing ratios and significant increases in expenditures per student as enrollments decline. Disparities in staffing and funding between large and small institutions would become larger under program funding than under any other funding policy for the collegiate systems. The collegiate systems also would receive more resources under program funding than under any other funding policy. When coupled with the current tuition policy, program funding would require levels of state appropriations which are higher than under any other funding policy. The alternative tuition policy, though, would reduce the required appropriations under program funding to levels below those of current funding policies.

A core funding policy would cause declining staffing ratios and rising expenditures per student in small institutions where it was implemented. Since it provides additional resources to small institutions only, core funding would increase staffing and funding disparities between small and large institutions. Core funding would provide slightly higher staffing expenditures and appropriation levels than current funding policies for the Community College System. The alternative tuition policy would reduce required appropriations under core funding below levels of current policies.

The Task Force reviewed the Coordinating Board's Goals for the Investment of Public Resources in Post-Secondary Education. To guide its evaluation of current and alternative funding policies, the Task Force defined five criteria consistent with those goals. The criteria include:

1. **Providing Incentives for Innovative Resource Management.** The funding method should encourage governing boards to anticipate changing needs for education and training and to develop procedures for the reallocation of resources based on priorities.
2. **Provide Resources in an Equitable Manner.** The funding method should provide funds to systems in an equitable manner.
3. **Recognize Differing Cost Patterns.** The funding method should recognize that costs differ based on factors such as size, mission, and program mix and that all costs are variable in the long run but some costs are fixed in short run.
4. **Encourage Quality.** Funding policies should contain explicit incentives for providing high quality services as demonstrated by clearly identifiable measures of performance.
5. **Encourage Increased Productivity.** Funding policies should include incentives for increasing productivity.

The Task Force evaluated current and alternative funding policies based on the policy's projected resource requirements and the extent to which each policy satisfied the evaluation criteria.

Status: The Task Force was scheduled to issue a final report in late fall of 1982. It was expected to include results of the evaluation of current and alternative funding policies, a discussion of related educational issues, and a set of conclusions.

Recommendations: The Coordinating Board was scheduled to consider the final report from the Task Force and make recommendations to the governor and 1983 Legislature.

3. Tuition Policy

Introduction: The Higher Education Coordinating Board, as part of its mandate to conduct a continuous analysis of the financing of post-secondary education systems and institutions, has over the past decade examined the issue of public tuition policy and adopted recommendations in 1973, 1978, 1980 and 1982. These recommendations have been intended to serve as guidelines for legislators, the executive branch, and post-secondary governing boards as they make decisions on financing post-secondary education. The conditions identified in the 1970s that suggested the need for a tuition policy for public post-secondary education are becoming reality in the 1980s. They include current and projected enrollment declines and reductions in state funding. Moreover, the need remains for a formal tuition policy that treats students and institituions equitably.

The Issue: Operating the present system of institutions and programs in a period of declining enrollments and limited resources suggests the need for a specific, equitable and balanced tuition policy that recognizes the needs of institutions, students, and taxpayers. A central issue is determining the share of costs to be borne by students through tuition and by the state through tax dollars.

Background: The Coordinating Board in 1978 recommended a comprehensive tuition policy for public post-secondary education in Minnesota. This policy was a continuation and refinement of prior Board recommendations.[19] In December 1980 the Coordinating Board voted to reaffirm its recommendation of a comprehensive tuition policy with two amendments.[20] The Board's recommended policy included a series of tuition policy objectives, four principles to guide the development of tuition policy, and two specific recommendations for the 1981-83 biennium. The recommended action for the 1981-83 biennium was that tuition increases sufficient to provide that tuition revenue will represent 25 percent of instructional costs be made by the end of the 1981-83 biennium, and that tuition increases for the area vocational-technical institutes be phased in gradually and be 12.5 percent of instructional costs by 1983 and should not be less than one-half of the percentage in the collegiate systems.

In applying its proposal to the AVTIs, the Board has supported a phase in of tuition increases because they did not charge tuition for Minnesota residents until Fiscal Year 1979. To achieve the statewide policy immediately would require extremely large tuition increases for students attending AVTIs.

Status: The Coordinating Board in 1982 reassessed its recommended tuition policy, reviewing relevant issues and trends.[21]

This review revealed that tuition revenue as a percentage of instructional costs was expected to increase between 1982 and 1983 in all public systems due to reductions in state appropriations and unanticipated tuition increases intended to offset these reductions.[22] It was estimated that tuition revenue as a percentage of instructional costs would exceed 30 percent at the University of Minnesota and the Community College System in fall 1982. Moreover, tuition revenue as a percentage of instructional costs was not a uniform level in the public collegiate systems. Tuition revenue as a percentage of instructional costs was approximately 15 percent lower in the state universities than in the community colleges and University of Minnesota.

Legislative decisions on appropriations and tuition during the biennium resulted in a gradual reduction in the disparity between tuition revenue and instructional costs that exists between the collegiate systems and the area vocational-technical institutes. These trends are shown in Table 24.

The data show that although tuition prices have been increasing during the last 10 years, except for the University of Minnesota these prices have not grown as fast as per capita income. (See Section I.E.2.) Charges for room and board in public residential institutions have not risen as fast as the consumer price index or per capita income. During this period, and particularly since 1975, the public investment in federal and state grant, loan, and work programs has grown. The emergence of the Guaranteed Student Loan Program has made available extensive loan capital at attractive rates for many students. Together, these efforts by the state and federal government to hold down the cost of education and make financial assistance available have reduced the real cost of education to students. All of this occurred while per capita income was increasing in constant dollars in Minnesota.

Recommendation: The Coordinating Board in 1982 voted to re-adopt the 1980 tuition policy recommendations with several modifications.

The Board's policy is based on the following objectives and principles:

A. Tuition Policy Objectives:

1. That the cost of providing post-secondary education should be shared in an equitable manner by all stu-

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[19] See Minnesota Higher Education Coordinating Board, *A Recommended Tuition Policy for Minnesota Public Post-Secondary Education: A Policy Paper* (August 1978); Minnesota Higher Education Coordinating Board, *A Review of Tuition Alternatives for Minnesota Post-Secondary Education: Staff Technical Paper* (August 1978); Minnesota Higher Education Coordinating Board, *Responding to Change, Report to the 1973 Minnesota Legislature* (January 1973).

[20] Minnesota Higher Education Coordinating Board, *A Recommended Tuition Policy for Minnesota Public Post-Secondary Education* (December 1980).

[21] Minnesota Higher Education Coordinating Board, *A Review of Tuition Policy for Minnesota Public Post-Secondary Education: Staff Technical Paper* (July 1982).

[22] Instructional costs are defined as state appropriations and tuition revenue to support instruction. It does not include state or other funds used to support contracted research, public service, student activities, or auxiliary services. It does include departmental research assigned as part of a faculty member's regular appointment. It also includes support services such as executive management, student support services, academic support services, and physical plant operations.

TABLE 24
TUITION REVENUE AS A PERCENTAGE OF INSTRUCTIONAL EXPENDITURES ALL PUBLIC SYSTEMS FISCAL YEARS 1971-1983

Fiscal Year	System			
	AVTIs	Community Colleges	State Universities	University of Minnesota
1971		25.49%	26.85%	25.38%
1972		27.09	24.98	27.69
1973		25.61	23.07	26.71
1974		26.94	23.90	25.70
1975		24.05	22.18	24.69
1976		24.42	21.07	23.69
1977		25.70	21.00	24.20
1978		24.80	21.30	25.79
1979	12.63%	24.10	20.20	24.80
1980	11.78	25.00	20.77	25.39
1981	11.86	29.20	23.48	27.90
1982	13.62	28.40	23.38	29.9
1983	16.95	30.60	25.90	32.0

Source: Minnesota Higher Education Coordinating Board.

dents through tuition and by the state through direct institutional subsidies and financial aid.

2. That as many citizens as possible should be able to attend institutions appropriate to their needs.

3. That all forms of post-secondary education should be financially accessible to students from all socio-economic groups.

4. That tuition policy and practices should be evaluated in relation to goals for post-secondary education.

5. That tuition policy should provide incentives to institutions and systems for efficient management of public resources.

6. That a comprehensive state-level tuition policy should be applied at the system level with the specific establishment of particular tuition levels (taking into account particular program costs, residency status and other factors) being left to the discretion of individual governing boards.

B. Tuition Policy Principles:

1. Tuition price should be related to the costs of instruction, which would not include investments in capital.

2. The percentage which tuition revenue represents of instructional costs should be the same in each public system.

3. The percentage which tuition revenue represents of instructional costs should be 30 percent.

4. In recognition of the disparity which exists between tuition rates in the public collegiate systems and the area vocational-technical institutes, the tuition increases for the area vocational-technical institutes should be phased in gradually.

For the 1983-85 biennium the Board recommends the following action:

1. **That tuition adjustments sufficient to provide that tuition revenue represents 30 percent of instructional costs be made by the end of the 1983-85 biennium.**

2. **That tuition increases for the area vocational-technical institutes be phased in gradually and be 20 percent of instructional costs by 1985, and any special considerations that might justify a different percentage be studied further.**

Rationale: The Board's tuition policy recommendation focuses on instructional costs at the post-secondary level as the basis for calculating tuition price and total revenue. It is assumed that governing boards may vary tuition price by campus, program, and level of instruction in setting particular tuition levels. The Board's tuition policy recommendation is directed at the

TABLE 25
ESTIMATED CHANGES IN TUITION RATES BASED ON THE COORDINATING BOARD'S TUITION POLICY RECOMMENDATIONS, FISCAL YEARS 1983-1985

Fiscal Year	Instructional Expenditures	Tuition Revenue	FYE/ ADM	Tuition FYE or ADM	Annual % Increase
Community Colleges					
1983	$ 62.4 (million)	$19.1 (million)	23,679	$ 806	
1984	70.1	21.0	24,737	850	5.45
1985	75.7	22.7	24,737	918	8.00
State Universities					
1983	124.7	32.3	37,660	858	
1984	135.1	37.7	36,697	1,027	19.70
1985	145.9	43.8	35,928	1,218	18.60
University of Minnesota					
1983	225.6	72.1	49,808	1,447	
1984	250.6	75.2	48,701	1,559	7.7
1985	270.6	81.2	46,714	1,737	11.41
AVTIs		(under 20% recommendation)			
1983	113.6	19.3	35,650	540	
1984	122.7	22.7	35,940	631	16.9
1985	132.5	26.5	36,124	733	16.2
		(under 25% alternative)			
1983	113.6	19.3	35,650	540	
1984	122.7	25.7	35,940	715	32.4
1985	132.5	33.1	36,124	916	28.1

aggregate level of state subsidy to each system and, within the context of that support level, considers the proportion of instructional costs to be paid by students and taxpayers.

By relating tuition charges to the cost of instruction, two important policy objectives are achieved. First, all post-secondary systems and students are treated in an equitable manner insofar as state subsidies are concerned. To do otherwise suggests that the state has a policy of encouraging students to attend one system rather than another. It is not the policy of the Coordinating Board nor of the legislature to direct students to a particular system. Rather, students are encouraged to enroll in the institution and instructional program which best meets their educational needs. For students who are financially disadvantaged, grants and loans are available.

Second, the financial integrity of post-secondary education is preserved at a time when there are limited state funds for public programs. This is an important consideration because of increasing pressure to make savings in state expenditures by raising tuition rates and other user fees. While some tuition increases are necessary and reasonable – the Board has recommended increases in tuition – it is not fair to ask that only students pay more while the state reduces its commitment and, in the process, eliminates programs and services. It is important to maintain a balanced and shared responsibility for financing education. The Board's recommended tuition policy would accomplish that important goal.

Fiscal Implications: Implementing the Board's policy would affect significantly both tuition rates and state appropriations. The table above summarizes the fiscal and tuition implications of setting tuition revenue at 30 percent of instructional costs in the public collegiate systems in the next biennium and the fiscal implications of setting tuition revenue in the area vocational-technical institutes at 20 and 25 percent of instructional costs. During its discussion, the Board expressed interest in the implications of having tuition revenue in AVTIs be equal to 25 percent of instructional costs by the end of Fiscal Year 1985. Instructional costs for Fiscal Years 1984 and 1985 were estimated by inflating 1983 instructional costs by 8 percent in each year. The tuition rate is presented for full-year equivalent students in the collegiate systems and average daily membership in the area vocational-technical institutes. As such, the figures portray the relative increase for all students, not the particular increase for full- or part-time students enrolled in a particular program.

If tuition revenue were equal to 20 percent of instructional costs by

1985 in the AVTIs, tuition rates per average daily membership would increase from $540 in 1983 to $631 in 1984 and $733 in 1985, or respective annual increases of 16.9 and 16.2 percent per year.

If tuition revenue in the area vocational-technical institutes were to equal 25 percent of instructional costs by 1985, tuition rates per average daily membership would increase from $540 in 1983 to $715 in 1984 and $916 in 1985, or annual increases of 32.4 and 28.1 percent.

In comparison, the table shows that tuition rate increases for the University of Minnesota and community colleges would be between 7 and 11 percent, which is close to the rate of increase in estimated expenditures for instruction. The larger increase estimated for the University of Minnesota reflects its projected enrollment decline of about 2,600 full-time equivalent students.

For Fiscal Year 1983, it is estimated that the state universities' tuition revenue will equal 25.9 percent of instructional expenditures. If the state universities reach 30 percent by the end of the biennium, tuition rates will increase from $858 per full-year equivalent student in 1983 to $1,218 in 1985, or 19.7 percent in the first year of the biennium and 18.6 percent in the second year.

Finally, if tuition rates in the area vocational-technical institutes were set at 20 percent by 1985, it would reduce state appropriations by $5.9 million in the biennium. If tuition revenue were to equal 25 percent of instructional expenditures, it would reduce state appropriations by $15.7 million.

If tuition revenue were to equal 30 percent of instructional costs in the state universities by 1985, it would reduce state appropriations for instruction by $8.9 million over the biennium.

4. Student Financial Aid in the 1980s – The Design for Shared Responsibility

Introduction: Over the past two decades both the federal and state governments have established a system of student financial assistance that has made it possible for students, regardless of their economic background, to pursue a post-secondary education. During the 1981-82 school year, federal and state grant and work programs provided approximately $120 million to about 75,000 students in Minnesota, an average of $1,666 per student. An additional $200 million in guaranteed student loans was provided. Also, students received significant assistance from Veterans' and Social Security benefits. Minnesota's Scholarship and Grant Program is ranked among the top programs in the nation, according to national surveys. The state's efforts have enabled tens of thousands of students, who otherwise might have been denied the opportunity, to attend post-secondary education.

Concerned about the role of student financial aid in maintaining and enhancing opportunities for students in the 1980s, the Coordinating Board conducted an extensive review of the current system. A staff policy paper was prepared. It describes the background of financial assistance available to Minnesota residents, assesses the problems that have developed in the current system, proposes changes in the government's role in promoting equal opportunity for students, and identifies related policy issues to be addressed.[23] Based on its review of the policy paper, a subsequent technical paper, and widespread consultation with interested parties, the Board recommended changes in the state's current approach to financial aid.

The Issue: The issue is how in the context of changing conditions of the 1980s to promote most effectively the goal of equal educational opportunity by removing financial barriers to attendance.

Background: Minnesota's student financial aid effort consists of a mix of grant, loan, and subsidized work programs which complement federal programs. These programs are not the only – or even the primary – contribution of the state toward the removal of financial barriers to post-secondary education. State appropriations have their most significant impact on educational costs through the subsidy of public institutions' operating costs. The role and required funding level of student aid programs cannot be understood without reference to the impact of the institutional subsidy on tuition levels.

Institutional Subsidy: The Minnesota Legislature appropriates to each public post-secondary education institution sufficient funds to cover much of its operating expense. This appropriation results in a reduced tuition charge to the student, who otherwise would pay a larger share of the total cost of instruction. The institutional subsidy thus makes the education more affordable. The absence of a significant institutional subsidy in private post-secondary institutions must be covered by tuition revenues. If equalizing educational opportunity to encompass the full range of options is the goal, differing levels of institutional subsidy will have to be offset by differing levels of direct student aid.

Need-Based Grant: The need-based grant is a central concept in the current federal and state financial aid effort. Grants are targeted to those who lack the necessary financial resources to afford an education as determined by a means test, commonly referred to as need analysis. The amount of aid to be received by each student varies with the family resources, and the price of the educational option chosen by the student. Financial assistance is tailored to each student's financial circumstances.

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[23] Minnesota Higher Education Coordinating Board, *Student Financial Aid in the 1980s: Roles and Responsibilities* (January 1982).

State student aid policy incorporates a self-help expectation of the student – to be covered typically with either work or borrowing – which leaves a portion of the financial need uncovered by grant assistance. Under the current state grant approach, a $700 summer earnings expectation is assigned to the student and 25 percent of assessed need is purposely left unfilled by the combined state grant and federal Pell grant. The maximum state grant authorized by statute is $1,400.

Educational Loan: Educational loans make it possible for the student to bear some or all of his or her self-help expectation by borrowing against the prospect of earnings advantages upon completion of the education. Minnesota is a direct lender under the federal Guaranteed Student Loan Program. The federal government makes possible a favorable interest rate – 9 percent – on these loans through special payments to lenders and subsidizes the interest while the student is in school.

Subsidized Work: State and federal work-study programs create part-time opportunities where they otherwise would not exist to give students the option to earn money to pay for their education. Government investment is matched by the employer, and the student is paid at least the prevailing minimum wage.

Summary of Findings: A review of current and projected conditions and a re-examination of the existing financial aid approach suggest the following:

> Changing economic, political and demographic conditions are affecting and will continue to affect critically the future of student financial aid.
>
> Federal and state funding for student financial aid is being reduced and may threaten equality of opportunity for students from the lowest income families as the costs rise more rapidly than previously anticipated.
>
> The current system, which was created under different fiscal and enrollment conditions to meet needs of the late 1960s and 1970s, has developed several inequities. These problems need to be addressed to ensure that the current system meets its goal in the most effective manner possible.
>
> The incremental development of state and federal programs has led to an imbalanced assignment of responsibilities among those involved in financing an education. As a result, there is a fundamental need to re-address the relative roles of the student, the family, the institution, and the government to determine how much responsibility each should bear in paying for the education.

The problems with the current state financial aid system become apparent when one looks at the gap that exists for each student between educational cost and available financial resources – after the expected parental contribution and both state and federal foundation grants are taken into account. As the grant program is structured, students from very low income families are left with a wider gap than are students from middle-income families attending the same institution. Unless someone else steps in with additional grant assistance (e.g., an institutional grant or private scholarship) the disparity will lead to a heavier work or borrowing expectation for the poorer student. Table 26 shows this disparity for the student from varying family income backgrounds at a community college with educational budget in 1980-81 of $3,350 and a private institution with an educational budget in 1980-81 of $7,050.

This inequity occurs as a result of limits placed on the maximum grant size and limits on the percentage of need that can be filled with combined state and federal grant assistance. First, the arbitrary limits placed on maximum awards affect only those students who could qualify for large awards, namely, low to lower-middle income students attending moderate to high tuition institutions. Higher income students are unaffected. Second, the current limit on the proportion of need that can be filled by state and federal grants implies that 25 percent of need is the responsibility of the student. Twenty-five percent of a high need figure amounts to a larger dollar amount than the same percentage of a low need figure; therefore, more is expected of the student with the greatest need.

Recently, as state appropriations have fallen short of funding the State Scholarship and Grant Program at its authorized level, available funds have been rationed in ways which, at their worst, exacerbate the inequities discussed above and, at their best, provide no protection for the lowest income students. During the fiscal crisis of 1981, the maximum award was lowered to $1,050 rather than raised to $1,400 as authorized in statute. This placed an additional burden on low and lower-middle income students in higher tuition institutions. In addition, the amount of actual educational costs which are taken into consideration in determining grant sizes has been continuously lowered and stands at 78 percent in 1982-83. This reduction in recognized costs decreases the award eligibility of the lowest income student for whom the grant assistance is most crucial by an amount identical to that of his or her higher income classmate.

As governmental resources available to post-secondary education have declined, arbitrary constraints on grant expenditures have reduced grant sizes but have still allowed the number of grant recipients to grow. As a result, the limited resources have been spread more thinly, and the amount of costs remaining for low income students to cover has continued to rise. Due to the incremental development of the cur-

TABLE 26
AMOUNT REMAINING FOR STUDENT TO CONTRIBUTE AFTER DEDUCTING PARENTS' CONTRIBUTION, FEDERAL PELL GRANT, AND STATE GRANT FROM STUDENT BUDGET (IN 1980-81)

	Community College	Moderately-Priced Private Institution
Very Low-Income Student ($12,000 or less) (No Parental Resources)	$2,800	$4,800
Lower Middle-Income Student (About $17,000) ($1,000 Parental Contribution)	$1,500	$4,800
Middle-Income Student (About $25,000) ($2,500 Parental Contribution)	$ 850	$3,500

Note: All amounts rounded to nearest $50. Assume community college student budget of $3,350 and moderately priced private institution budget of $7,050.

rent system over more than a decade, the state is now using a design for the division of financing responsibility which is not totally effective in promoting the goal of equal educational opportunity.

An underlying factor leading to these problems is that recent decisions about the structure and funding of the financial aid programs have been made without a clear definition of the relative responsibility of institutions, students, parents, and government in paying for the cost of a post-secondary education.

In view of these conclusions, Minnesota's system of post-secondary education is faced with three major alternatives for effectively promoting equal educational opportunity. The state can continue to meet needs of students under the current system, which would require major increases in funding; the state can maintain the current system but be less effective in promoting equal opportunity as money is limited; or the state can modify the present system to adjust to changed conditions in the 1980s.

The staff policy paper reached six conclusions affecting Minnesota's role in student assistance. They are:

The primary goal of promoting equal opportunity needs to be reaffirmed.

The state must redefine the sharing of responsibility for paying post-secondary educational costs.

The uncertainty of federal policy requires that the state financial aid system consist of programs that take maximum advantage of available federal funds, but that can function independently from the federal programs.

Programs must be designed or modified to ensure that the student and family financial responsibilities can be met.

The state needs to establish a clear policy toward the independent, private sector of post-secondary education.

The critical and growing role of credit in the state's financial aid system must be acknowledged.

Recommendations: The Coordinating Board recommends that the governor and legislature support the alternative design for shared responsibility for the State Scholarship and Grant Program and approve necessary statutory changes to implement the proposal requiring all applicants to contribute a minimum of 50 percent of their cost of attendance, through work, borrowing, or from other sources.

A Description of the Proposed Design: The major shift in the new design would occur in the treatment of the student. The student as the primary beneficiary of the education would have an explicit obligation to contribute a significant but manageable amount through work or borrowing before parents or government are expected to act. This contribution would be the same for all students with the same cost of attendance.

After the student's contribution is established, parents as they do now, would contribute toward the cost of education based on a standard analysis of the family's resources. Finally, the federal and state grant dollars would be used to cover the gap between the parent's and the student's resources and the cost of his or her education.

The alternative design would establish the student's contribution as a fixed proportion of the cost of attendance at each institution. Determining the proportion that the student would have to contribute would be the most important decision required in implementing the design. Different proportions would have different effects in terms of the level of financial burden

TABLE 27
STUDENT CONTRIBUTION RESULTING FROM THREE VALUES OF THE SELF-HELP EXPECTATION (IN 1980-81)

Self-Help Expectation	Community College	Moderately-Priced Private Institution
40 Percent of Cost	$1,340	$2,820
50 Percent of Cost	1,676	3,525
60 Percent of Cost	2,010	4,230

Note: The self-help expectation is identical for all students with the same cost of attendance.
Assumes community college student budget of $3,350 and moderately priced private institution budget of $7,050.

placed on students and the amount and distribution of governmental foundation grant assistance.

Although all students facing the same educational costs would be expected to contribute the same amount toward their education, those students attending institutions with differing costs would have to contribute different amounts. The objective of the shared responsibility design based on a fixed proportion of costs is to require a reasonably stringent expected contribution from students attending low-tuition institutions while ensuring that students attending higher-tuition institutions can reasonably manage their self-help expectation through a combination of work and borrowing. As illustrated in Table 27, there is a fine balance in selecting the proportion of costs to be borne by the student that requires a realistic amount from students in low-cost schools without expecting an unreasonable amount from students at higher cost schools.

Effects of the Design: Three general effects of the alternative design have been identified. First, the self-help expectation of all students pursuing their education at institutions which charge the same cost to the student would be identical; now, students from the lowest income families are expected to contribute more than their classmates from more affluent families. Second, the gap in self-help expectation between a student who chooses a high-tuition institution and a student who chooses a low-tuition institution, when the family resources of the two students are identical, would narrow. Third, the amount of governmental grant assistance awarded to students from the lowest income families attending different price schools would be more proportional to the costs charged to the student than is now the case.

More specific effects of implementing the design are identified in a staff technical paper.[24] The technical paper considers the effects of a student self-help expectation of 40, 50 or 60 percent of the cost of attendance. The impact on students, institutions, and state spending of each of these options is compared with the actual outcomes in the Scholarship and Grant Program in 1980-81 under the current approach. In addition to describing the various effects, the technical paper establishes some guidelines for determining a reasonable proportion of attendance cost to be assigned as the student's responsibility – the central issue in the alternative design – and outlines a method of rationing limited funds.

Implementing various options under the design would result in varying funding requirements for the Scholarship and Grant Program. The distribution of benefits would be shifted from the current approach.

In general, shifts from middle-income students to lower middle and lower-income students would occur. There would be a targeting of funds to where they are needed most. Figure 13 shows the shift in the distribution of total dollars by family income which would have resulted from implementing the alternative design in 1980-81 – assuming a student contribution equal to 50 percent of the cost of attendance. The cost also would very depending on the student expectation used.

The shared responsibility design would also affect the range of award sizes. Now, award sizes range from $100 in the lowest need case to $1,400 in the highest need case. The $1,400 maximum has never been achieved, however; the actual maximum peaked in 1980-81 at $1,250 and subsequently has been reduced to $1,050 as a means of rationing funds. The alternative design neither aribtrarily controls the maximum award, nor does it accomplish rationing through the lowering of maximum limits – an approach that has contributed to the inequity in the current system. The net effect of the alternative design, regardless of where the self-help percent is set, would be to expand the range of awards by allowing a fixed percentage of attendance costs to be filled by state and federal aid; as the cost of attendance rises, so does the effective maximum award to the student who is charged the cost.

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[24] Minnesota Higher Education Coordinating Board, *Effects of Implementing an Alternative Design for Shared Responsibility in the Minnesota Student Financial Aid System* (April 1982).

FIGURE 13

SHIFT IN THE DISTRIBUTION OF TOTAL DOLLARS BY FAMILY INCOME WHICH WOULD HAVE RESULTED FROM IMPLEMENTATION OF THE ALTERNATIVE DESIGN FOR SHARED RESPONSIBILITY IN 1980-81

Assuming Expected Student Contribution Equal to 50 Percent of Cost of Attendance

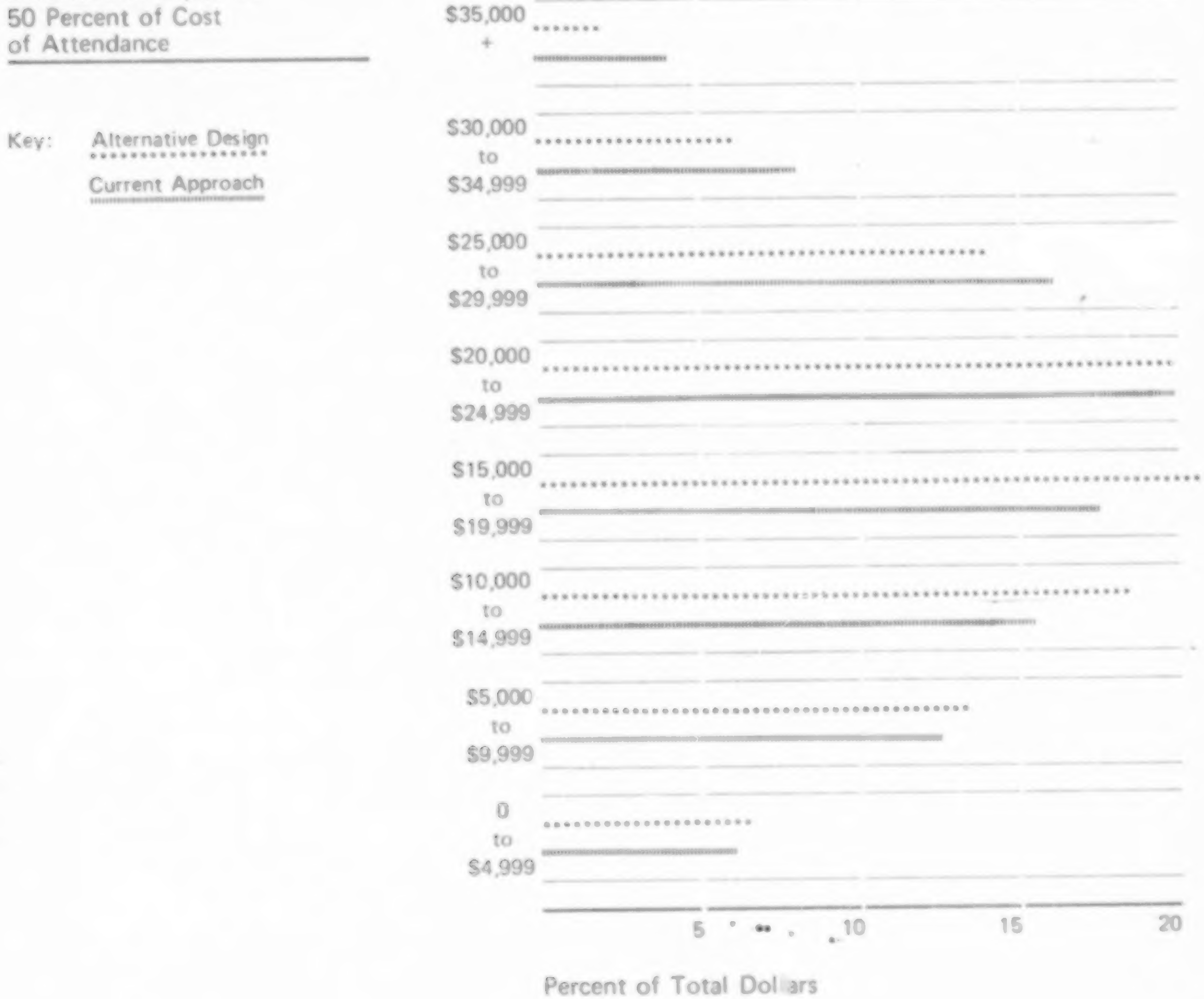
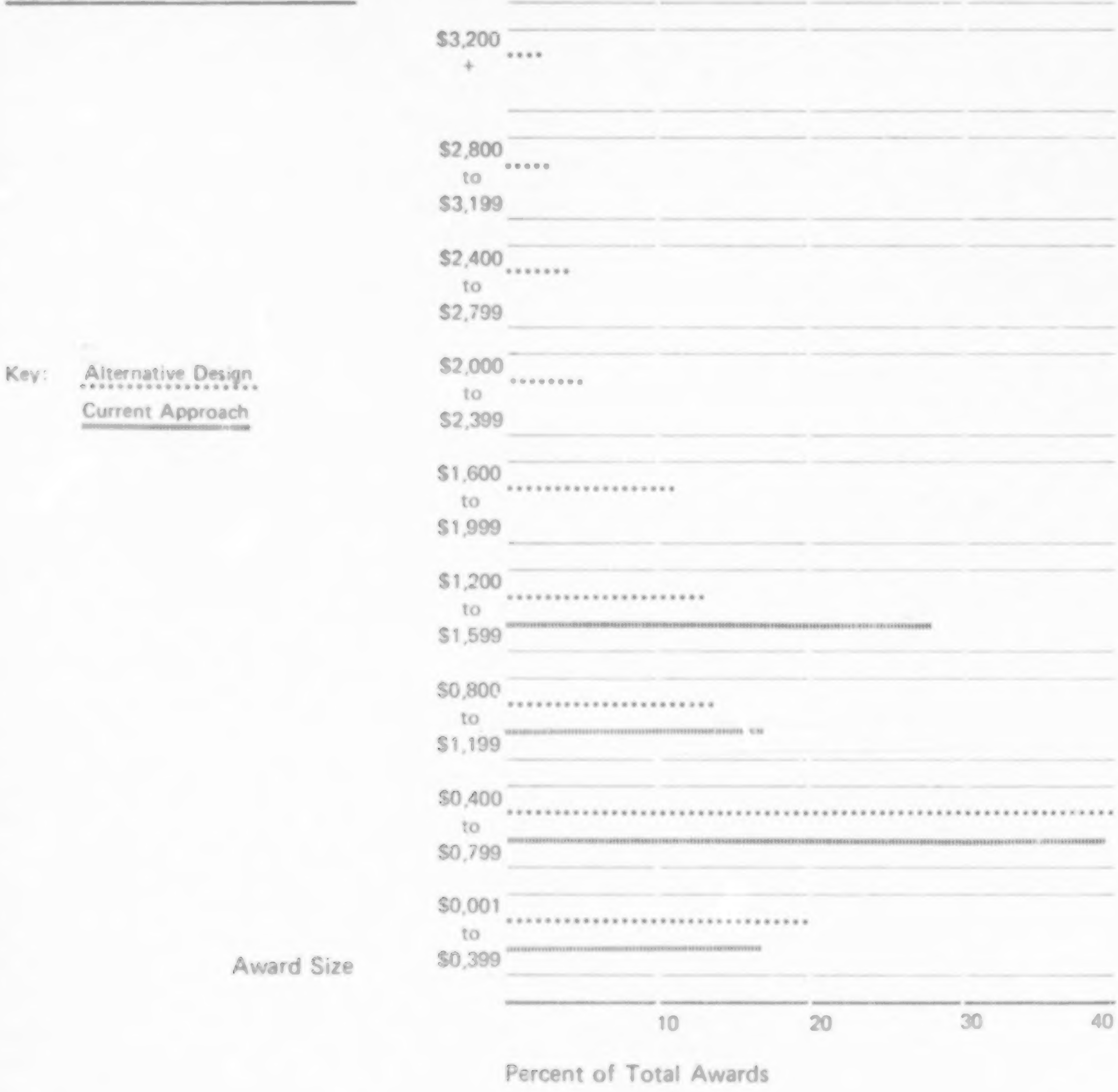


Figure 14 shows the distribution of award size under the current approach and the alternative design at 50 percent of self-help. Under the alternative design, 30 percent of the awards would have exceeded the $1,250 maximum limit in 1980-81. However, the number of students receiving awards larger than the 1980-81 maximum drops off quickly as the graph shows. Figure 15 shows the distribution of total dollars by post-secondary system under the current approach and the alternative design at the 50 percent self-help level.

Following are the principal findings of the technical analysis of the design for shared responsibility:

1. Students should be able to make a significant contribution toward the financing of their education if jobs are available and current borrowing options continue to be available.

FIGURE 14
DISTRIBUTION OF AWARD SIZE UNDER THE CURRENT APPROACH AND THE ALTERNATIVE DESIGN AT 50 PERCENT SELF-HELP
1980-81



2. Total state expenditures for scholarships and grants would have ranged from $25 million above – to $10 million below – the actual available funds of $31.8 million in 1980-81, depending on whether the 40 percent or the 60 percent self-help option were adopted. The 50 percent self-help option would have required $38.6 million.

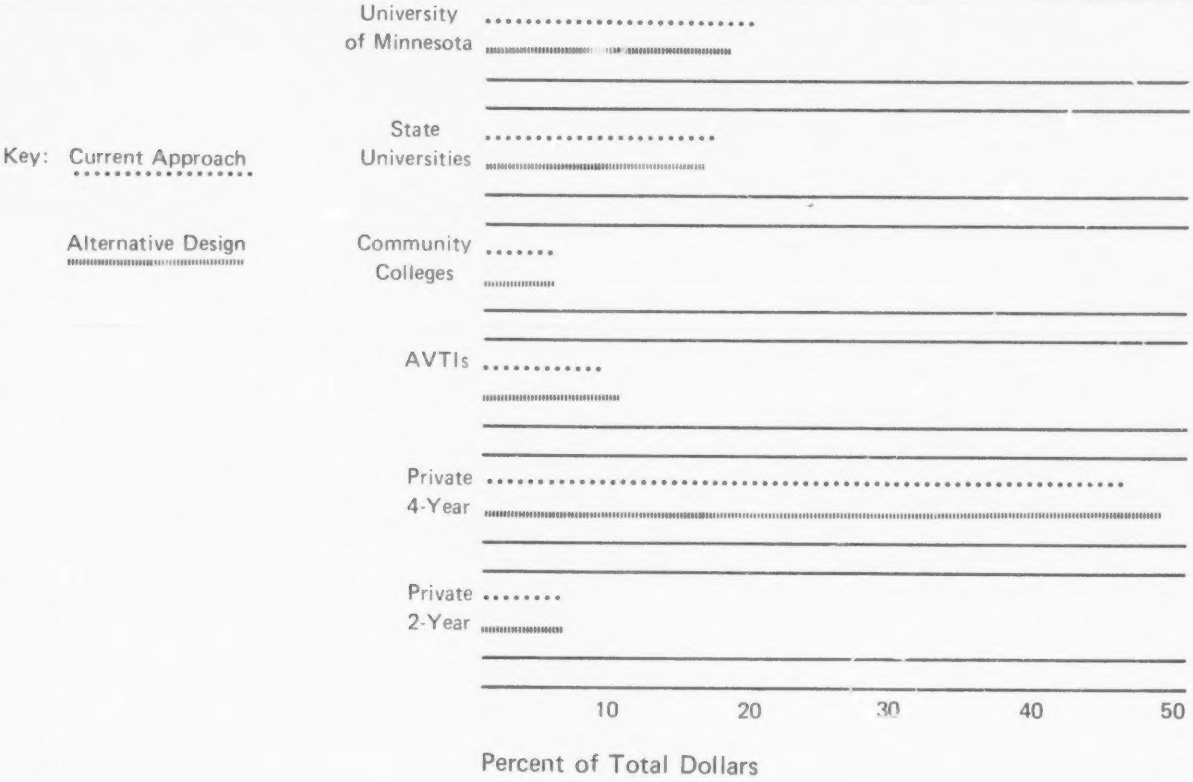
3. The number of recipients of state grants would have ranged from 11,500 more than the actual number of recipients in 1980-81 under the 40 percent self-help option to 1,000 fewer recipients under the 60 percent option.

4. The 40 percent option would have increased the average award by $550 over the current approach average award in 1980-81, but the 60 percent self-help option would have decreased it by $45.

FIGURE 15

DISTRIBUTION OF TOTAL DOLLARS BY POST-SECONDARY SYSTEMS UNDER THE CURRENT APPROACH AND THE ALTERNATIVE DESIGN AT 50 PERCENT SELF-HELP

1980-81



The 8 percent decline in the number of recipients under the 50 percent self-help option would have been offset by a $235 increase in average award to the remaining recipients.

5. The range of award sizes would have expanded substantially under the alternative design in 1980-81 when the maximum award was set at $1,250. Under the 50 percent self-help option, for example, 30 percent of the awards would have exceeded $1,250 although only a small percentage of recipients would have received more than $2,000.

6. Under any of the options considered, the relative benefits of the State Scholarship and Grant Program would have shifted from students from more affluent families to students from lower-income families. As the self-help expectation increases, the shift intensifies. Under the 50 percent self-help option, the shift is quite modest.

7. The distribution of individual student gains and losses resulting from implementation of the alternative design in 1980-81 would have ranged from the majority of students gaining aid under the 40 percent self-help option to the majority of students losing aid under the 60 percent self-help option. Roughly half of the 1980-81 recipients would have gained, one quarter lost, and one quarter experienced no change if the 50 percent self-help option had been implemented.

8. The shift in the distribution of

total dollars by system resulting from implementation of the alternative design in 1980-81 would have been smallest under the 40 percent self-help option and most significant under the 60 percent self-help option, where private institution students would have increased their share of total dollars by 7 percent. Under the 50 percent option, the shifts would have ranged from a 2.4 percent loss in share of dollars at the University of Minnesota to a 2.7 percent gain in the share of dollars in the four-year private institutions.

9. The rate of growth in state spending on scholarships and grants would have been slower under any of the options considered within the alternative design than it would be under the current approach.

10. The alternative design would more effectively compensate for the withdrawal of federal Pell grant dollars than the current approach, assuming a student self-help expectation between 40 and 50 percent. This would be done at a substantial cost to the state.

11. Significant reduction in program funding requirements could be achieved through the imposition of a surcharge on the expected parental contribution. This method would spare the student from the lowest income family from any reduction in award while progressively increasing the parental burden as family resources increase.

Staff are analyzing the effects of the design based on the 1982-83 applicant pool and will report the results to the 1983 Legislature. Preliminary findings indicate that the effects would not be appreciably different than those for the 1980-81 population except that under full funding losses of aid for middle-income students would be substantially less than in 1980-81.

Rationale: The alternative design for shared responsibility would have several advantages over the current approach. Most significantly, it would better enable the state to achieve its goal of equalizing educational opportunity. The design would require that policymakers clearly define the relative shares of responsibility for paying for a post-secondary education among institutions, students, parents, and government. The design would provide a framework for program decisions to distribute available funds equitably, no matter what the annual funding levels. If funding is insufficient to meet the full amount required to ensure the elimination of financial impediments, then the design is flexible enough to ration limited funds in a way that either protects the most needy students and their families from any decrease in aid, or in a way that proportionately distributes the added burden to all students. In no case would the lowest income students shoulder the major brunt of budget shortfalls, as now occurs.[25] Conversely, during periods of strong economic growth in the state, this design would reduce the demand for state resources. As family financial conditions improve, thus increasing the capacity of parents to finance dependents' educations increase, the state role would automatically decline.

Further, the design would provide a framework for coordination of all student assistance programs so that maximum efficiency would be achieved. The design would provide a simple way of defining the state's role in the financial assistance system. The design would increase the accountability of the system of financial assistance to public officials by identifying more clearly the ramifications of various funding levels and related policy decisions.

Given the current period of constrained economic growth, the Board believes that expecting students to contribute 50 percent of their cost of attendance is reasonable. This belief is based on an analysis of what students should be able to earn, either during the summer or while in school, and what level of debt burden they should be able to handle upon leaving school. For a student attending a moderately expensive institution, with a cost of attendance of about $8,000 in academic year 1982-83, 50 percent would be $4,000. Students could make this up by borrowing the maximum $2,500 through the Guaranteed Student Loan Program (or an equivalent amount through other student and parent loan programs) and by earning $1,500. As illustrated in the staff technical paper, by borrowing $2,500 per year, an average college graduate would initially have to devote about 25 percent of his or her disposable income to repayment of debt. To earn $1,500 would require working full-time for 11 weeks at minimum wage, 16 hours per week for 30 weeks while in school, or some combination of full-time and part-time employment. These levels of work and borrowing would require a stringent, but reasonably manageable commitment to expect from students.

A student attending the lowest cost public institution, with a student budget of about $3,350, would be expected to contribute $1,675. This could be provided either through borrowing or work or through a combination of both.

Although students attending high tuition institutions would be expected to contribute appreciably more toward their education than would students at low tuition institutions, this policy would ensure that all students would contribute a substantial amount toward their education but that no students would be expected to contribute an unreasonably high amount.

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[25] One possibility for rationing would be to increase proportionately all parental contributions. This would protect the lowest income students from any increased contribution. The additional parental contributions would increase progressively with available family resources. This rationing approach is discussed in the staff technical paper.

While this policy would mean that some middle-income students would receive less assistance than in the past, it would ensure that what limited funds remain available during these times of fiscal stringency would be focused on those who most need the assistance.

The success of the plan for shared responsibility would rest on the ability of students to earn and borrow enough to provide the substantial amounts that would be expected from them. Various factors, however, could erode students earning and borrowing capabilities. The faltering state economy could make it more difficult for students to find jobs. Also, federal changes to the various student loan programs could restrict further access to student loans. A limited number of students having difficulty finding employment or securing a loan can be helped through the federal and state work-study programs and through financial aid provided directly by the institutions. Any precipitous change in employment possibilities or the availability of loans could require further special action by the state. The Board has instructed staff to examine state alternatives to the existing federal student loan programs.

Status: The Coordinating Board in January 1982 endorsed the design for shared responsibility. Bills were introduced late in the 1982 legislative session that would have enacted the statutory changes in the State Scholarship and Grant Program necessary to implement the design. Although hearings were held, little time was available for a full discussion of the proposal. No action was taken. In subsequent months the Board analyzed the effects of implementing the alternative design and in April the staff issued a technical paper outlining the effects if the design had been in place in 1980-81. Informational briefings were conducted around the state, and the staff papers were distributed widely and discussed with a variety of groups and individuals. In July 1982 the Board, following several months of discussion, adopted its recommendation on the proportion of costs to be borne by the student within the shared responsibility design. Also in July the Coordinating Board adopted a resolution which recognized the efforts of the University of Minnesota Board of Regents in studying the proposal and suggesting possible changes. The Coordinating Board directed its staff to work with staff at the University and staff of other post-secondary systems to develop suggestions to further improve the proposal. Discussions with the University of Minnesota staff focused on the following concerns.

Methods of further controlling award size.

Appropriate use of various rationing devices in the event of inadequate funding.

Eligibility criteria for, and formula treatment of, independent students.

Impact of further reduction in Guaranteed Student Loan eligibility.

Protection of lower middle-income students affected by reductions in Pell Grant awards.

The Board in September adopted in principle three amendments to its design which are intended to address the above concerns. The amendments are as follows:

1. **The student educational budget used in the determination of grant eligibility under the shared responsibility design shall be limited by a maximum instructional allowance. Tuition and fees charged by the institution will be represented as actual in the educational budget only up to this limit; tuition and fees which exceed the limit shall be reset to the limit for purposes of the state grant program. The instructional allowance limit shall represent the cost per full-year equivalent student at the University of Minnesota of providing an education comparable to that offered in the typical Minnesota private liberal arts college.**

Under the original proposal, the only control over size of award is the percent of cost assigned to the student, which operates on the cost of attendance. As the cost of attendance increases, both the effective maximum award and the level of family resources at which a minimum award can be received increase. In the case of the highest tuition institutions, extremely high awards ($4000 or more) to low income students and minimum awards to rather high income students are possible.

Using this approach in 1982-83 would limit the student budget to $7,005. The maximum instructional allowance in the student budget would be $4,255, to which a standard living and miscellaneous allowance of $2,750 would be added. If the student's parents were able to make no contribution, this full-need student would be eligible for a combination of state and federal grants totaling $3,503 – the 50 percent of the cost of attendance not assigned to the student. A full-need student in a high tuition institution would receive the maximum $1,800 Pell grant and $1,703 in State Scholarship and Grant assistance.

While this places a limit on the amount of state grant assistance, it exceeds the current cap of $1,050 and the authorized maximum of $1,400.

By limiting the instructional allowance in the student education budget to a dollar amount determined by instructional expenditures at a composite of higher cost public four-year institutions, an effective limit is placed on the award sizes of all recipients in the higher priced private institutions. The amendment would ensure that the maximum grant received by a Minnesota student would be no greater than the total public dollars available to students attending a higher cost public institution.

The limit on tuition and fees of the higher price private institutions which can be recognized in the student educational budget would lead to a higher implied self-help expectation for all students attending those institutions. In order to bring the student's actual self-help expectation back to the Board's recommended level (50 percent of cost), the institution would need to offer a specified amount of grant assistance to each state grant recipient. This change, thus would place heavy demands on the discretionary grant dollars of private institutions whose tuition and fees rise above the fixed instructional allowance.

2. **When appropriated dollars are insufficient to fund the Shared Responsibility design at the proposed 50 percent self-help level, rationing shall be accomplished in the following way: a percentage surcharge shall be added to the parental contribution, but shall not exceed 20 percent; and the student self-help percentage shall be raised, but shall not exceed 55 percent. These rationing devices shall be applied in a step-wise fashion at a 5 to 1 ratio (e.g., the parental surcharge shall rise to 5 percent, and then the student self-help would rise to 51 percent before an additional parental contribution surcharge would be applied). If the combination of these approaches cannot achieve the necessary savings, the entire design shall be re-evaluated as to its ability to achieve the goals of the program.**

This amendment is intended to balance the effect of rationing between low and middle income students. Since the lowest income students are exempted from award reduction under the surcharge on parental contribution, this method ought not be used exclusively if severe rationing is required. After a sizeable increase in the parental share is called for (5 percent), the student share for all students would be increased slightly before additional burden would be placed on parents -- particularly those who already are contributing relatively large amounts toward their son or daughter's education. This protection for the middle-income family supplements the original intent of the design to compensate for reductions of Pell grant assistance. Under the federal ratable reduction approach, losses to lower-middle and middle-income families are disproportionately great; therefore, state aid would be drawn toward those students.

3. **Formula treatment of the self-supporting student in the design shall parallel the dependent student case with no parental contribution, with appropriate checks for unusually high assets or earnings. This assumes that tighter eligibility standards for self-supporting student status will be in place in 1984-85.**

This amendment would ensure that the self-supporting student would not be expected to contribute twice by meeting both a taxation on income and assets, and also the 50 percent self-help expectation. Income and assets would be applied first to family maintenance, then to the self-help expectation, and only if income and the annual taxation on assets exceeded the 50 percent criterion would an additional student contribution be expected. This modification would improve substantially the treatment of the independent student.

The issue of formula treatment of self-supporting students cannot be severed from the issue of eligibility for independent student status. The latter issue is now under study by staff. It is clear that curtailment of eligibility is necessary, and the preferred approach would be for federal and state guidelines to change together.

The Board's budget request to the governor and 1983 Legislature for the State Scholarship and Grant Program totals $95.7 million which would fund the design (see Section III.C.2.a.). Statutory changes would be required to implement the proposals.

The Coordinating Board at its December 2, 1982 meeting voted to formally transmit to the governor and 1983 Legislature the amended version of the proposed redesign. The Board also voted to reduce its 1983-85 biennial budget request for the program from $106.9 million to $95.7 million, a decrease resulting from the three amendments. The Board's action followed a discussion of responses to the proposal submitted by the state's post-secondary education systems.

The issue of state policy toward the private sector of post-secondary education was addressed in a separate staff policy paper and Board recommendations were adopted (see Section III.B.5.). The growing role of loans in the state's financial aid system also is being addressed, and proposals are to be made to the 1983 Legislature (see Section III.C.2.f.).

5. State Policy Toward Private Post-Secondary Education

Introduction: For over a century, post-secondary education in Minnesota has been provided by both state-supported, public institutions and private institutions. Each sector has distinctive characteristics and strengths which benefit Minnesota citizens.

The private sector of independently governed institutions is composed of 23 four-year, primarily undergraduate colleges, 4 junior colleges, 8 professional schools, and about 80 vocational schools.

Although profound differences exist in the purposes, financing, and clientele of these institutions, they do not operate in isolation from each other. Over the years, the ways in which the public interests served by the public and private sectors of post-secondary education have been debated and analyzed by the legislature and other public policy bodies.

In view of changing enrollment and fiscal conditions and in response to two initiatives during 1982, the Coordinating Board re-examined the state's relationship to private post-secondary education.

First, as the Board addressed the future of the state's student financial assistance system, the issue of how to treat the student with financial need who wishes to attend a private institution was raised.

Second, the Board received a legislative request to review the state's relationship to the private sector and to make recommendations. A staff paper, *Public Policy Toward Private Post-Secondary Education in Minnesota,* reviewed the history and current status of private post-secondary education in Minnesota. It outlined a range of alternative models for the interrelationship between a state and the private sector of post-secondary education.[26]

The Issue: During the past 15 years, Minnesota has made a significant commitment to the private sector of post-secondary education. This support has been expressed in a variety of ways, most visibly in funding for the Private College Contract Program and the State Scholarship and Grant Program. Although there has been no recent explicit change in the state's approach toward private post-secondary education, funding for these programs has been reduced as the state's budget has been trimmed.

The current state financial problems and the projected decline in total post-secondary education enrollments raise questions about the future investment of limited public resources in post-secondary education. In light of these factors, there is a need to review the role of private post-secondary education and to re-examine the extent to which public resources should be used to ensure the existence of a strong dual system of public and private institutions.

Background: Following are several highlights from the staff paper on state policy to the private sector of post-secondary education:

1. Of the 35 private colleges and professional schools in Minnesota, 17 were founded by 1900.
2. In fall 1981, about 53,000 students, or 21 percent of the state's enrollment in post-secondary vocational and higher education, chose to attend a private institution.
3. On the average, students in private post-secondary institutions are younger and more likely to be residents of other states than students in the public institutions.
4. Faculty salaries at private colleges tend to be lower than salaries at public institutions. The average nine-month salary for full-time faculty at a sample of most of the Minnesota private four-year liberal arts colleges was $17,036 in 1978-79. The average academic faculty salaries in public systems ranged from a low of $19,216 in the community colleges to $22,072 at the University of Minnesota.
5. Private institutions in Minnesota offer about 36 percent of the academic and vocational programs available in the state. Private colleges are especially active in the traditional liberal arts disciplines.
6. In 1979-80 tuition and fees at the 17 liberal arts colleges in the Minnesota Private College Council averaged $3,284. As a group these institutions recovered 86 percent of their instructional expenditures through tuition and fees. Tuition in the three public collegiate systems in Fiscal Year 1980 supported 23 percent of the total instructional costs for all programs. Most of the remaining 77 percent of instructional costs was borne by state appropriations.
7. The difference in public and private tuitions in 1981-82 was about $2,980 between private colleges and the University of Minnesota and about $3,370 between private colleges and the state universities. Over the past 10 years the tuition difference more than doubled. When adjusted for changes in the overall price levels, however, the relative prices charged by the private colleges and the University of Minnesota and the state universities have not changed in any consistent direction, as indicated in Table 28.
8. With the exception of major research activity, which is concentrated at the University of Minnesota, private institutions serve many of the same goals that the state has sought to achieve through the public post-secondary sector—access, diversity, quality, efficiency and service to the community.
9. While the state as a whole does not have a single, clearly articulated policy toward the private post-secondary sector, over the years a series of program decisions have endorsed a public commitment to the continued service of private institutions. These decisions include expansion of the state financial aid programs for students in both public and private institutions, the start of the Private College Contract Program, and the establishment of the Higher Education Facilities Authority.
10. By recognizing differences in costs, the state's financial aid policy attempts to enable students from all income levels to attend both public and private institutions depending on their own needs and preferences. Because tuition charges at the student's chosen institution are considered

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[26] Minnesota Higher Education Coordinating Board, ***Public Policy Toward Private Post-Secondary Education in Minnesota, A Policy Paper*** (April 1982).

TABLE 28
TUITION DIFFERENTIAL IN PUBLIC AND PRIVATE FOUR-YEAR INSTITUTIONS FISCAL YEARS 1971-1983

Fiscal Year	Private Four-Year College and Universities[1]			
	University of Minnesota[2]		State Universities	
	Current	Constant[3]	Current	Constant[3]
1971	$1,149	$1,149	$1,292	$1,292
1972	1,270	1,230	1,379	1,335
1973	1,292	1,208	1,517	1,418
1974	1,346	1,159	1,576	1,356
1975	1,489	1,155	1,724	1,337
1976	1,610	1,160	1,863	1,342
1977	1,761	1,200	2,031	1,384
1978	1,955	1,234	2,292	1,447
1979	2,005	1,147	2,391	1,368
1980	2,224	1,139	2,609	1,336
1981	2,489		2,963	
1982	2,892		3,368	
1983 (projected)	3,202		3,808	

[1] Average tuition and fees for institutions in the Minnesota Private College Council.
[2] Tuition for Morris, Duluth and the College of Liberal Arts at the Twin Cities Campus.
[3] Minneapolis/St. Paul Consumer Price Index, 1971 = 100.
Source: Higher Education Coordinating Board.

when computing financial need and the award amount, students at high cost institutions are more likely to be eligible for an award and for larger awards than students in low cost institutions. The average state scholarship or grant in Fiscal Year 1981 was $1,038 in the private schools and colleges and $516 in the public institutions.

11. Students in private institutions received half of the state scholarship and grant dollars awarded in 1980-81. Slightly over half of the full-time Minnesota resident undergraduate students in private colleges received awards. These students represented over one-third of resident and non-resident students combined. In the public institutions 24 percent of the full-time Minnesota resident undergraduates received awards.

12. In Fiscal Year 1980, a little more than 1 percent of state appropriations for direct institutional support was directed toward private colleges under the Private College Contract Program. Sufficient appropriations to fully fund authorized payment levels have been provided for only four of the last 11 years. Funding for Fiscal Year 1982 was $3.4 million, down from a high of $4.7 million in 1981. The Fiscal Year 1983 appropriation was cut to $3.1 million. In the current biennium, the payments will represent 0.67 percent of state appropriations to public and private institutions.

Four options are available for the state to consider as it re-examines its commitment to private post-secondary education. They are:

1. Full autonomy for private institutions, with the state assuming no responsibility for private post-secondary education.
2. Recognition of private post-secondary education in planning, coordination, and public policy decisions.
3. Student financial aid based on need.
4. Funding to support private institutions.

Each of these options has advantages and disadvantages for students, private and public institutions, and the general public. Each could be implemented in several ways.

Recommendations: In June 1982 the Board adopted the following recommendations as part of a comprehensive state policy toward private post-secondary education:

1. **That the dual system of public and private higher education is essential to the vitality of educational services in the state of Minnesota, and**

that decisions made at the state level should reflect the interests of maintaining and promoting a strong private sector.

Rationale: The private sector of post-secondary education is a vital part of Minnesota's diverse and comprehensive system of opportunities for students. The continued vitality of the private sector will complement and contribute to the efforts in the public sector, thus ensuring the health of the total system. Public decisionmakers must acknowledge that decisions about public post-secondary education made at the institution, system, and state level, directly and indirectly affect the private sector. Examples of decisions in the public sector that affect private post-secondary education include the setting of tuition levels at public institutions, the development of state financial aid policy, the offering of competitive instructional programs, and the establishment of campuses and construction of buildings. This recommendation asks all public decisionmakers to acknowledge the interrelationship between policy decisions affecting the public sector and the future health of the private sector. The goal of this recommendation as a guideline for public policy is to promote the most effective and efficient comprehensive system of opportunities possible for students in Minnesota.

2. **That private post-secondary institutions, as members of the educational community, participate fully in the policies and procedures that are developed by the state and its agencies to plan for and coordinate Minnesota post-secondary education.**

Rationale: Recognition of the integral role played by the private sector in the state's total system of post-secondary education carries with it the concurrent responsibility for private institutions to participate fully in the public's effort to plan for and coordinate the total system of post-secondary education. In general, private sector participation in coordination and planning efforts, while remaining consistent with the constraints placed by the need to protect institutional autonomy, has been impressive. There is clearly a need, however, for the governing boards and administrators of private institutions continually to reassert the value of full participation in the state's efforts to maintain accurate and complete information, to maintain adequate assurances of quality, and to effectively restrain unnecessary duplication of program offerings.

3. **That the state's student financial aid system fully recognize the differences in tuition and other charges that exist among the various post-secondary institutions in the state so that the financial aid system promotes an equal opportunity for all Minnesota students to pursue the public or private education that best meets their needs.**

Rationale: The tuition and fee differences that exist between comparable educational offerings are primarily a result of different levels of direct institutional support provided by the state. The relative lack of this direct state financial support to private institutions requires these institutions to charge the majority of the educational costs to the student, while their public counterparts typically charge less than a third of the educational costs to the student. It is reasonable that the eligibility of a student for public assistance in the form of financial aid should reflect the extent to which the student benefits from public dollars that support the institution directly. Higher levels of financial aid awarded to students in private institutions would indicate that aid to students is the principal conduit of public support for private education, whereas direct institutional support is the basic form of support for public education. Although actual tuitions traditionally have been used to build a financial aid applicant's educational budget, arbitrary constraints on the maximum grant award have limited the extent to which high tuitions can be offset by state grants.

4. **That the Private College Contract Program be modified to provide a payment to the institution to be used for a tuition reduction for each Minnesota resident enrolled in eligible private institutions equal to 5 percent of the state average appropriation per student to all comparable four-year or two-year public institutions.**

Rationale: Continuation of the Private College Contract Program modified in this fashion would maintain the single, independent subsidy directly to private institutions, which expresses the state's commitment to a dual system of post-secondary education. Also, it would correct weaknesses in the current program as follows:

> The state subsidy per student would be applied directly as a tuition reduction for the individual student.
>
> The state's commitment to the private collegiate sector and a vital dual system would be preserved directly in statute.
>
> Relating the tuition subsidy to state appropriations per student in the public sector would draw a direct relationship between the per student support in the public sector and the private sector.

In the current economic and enrollment climate, it is questionable whether the Private College Contract Program as now constituted is appropriate.

To review, the Board recommended the program and the 1971 Legislature established it. The Board's proposal was based on the recommendations of a study funded jointly by the state and the Bush Foundation.

Also, in 1971, the legislature, acting upon Board recommendations concerning private colleges, authorized expansion of the State Scholarship and Grant Program and established the Higher Education Facilities Authority.

The Private College Contract Program was conceived at a time when the proportion of student needs served in private post-secondary institutions was declining. The statutory language from *Minnesota Statutes,* Section 136A.18 states that:

"The legislature has found and hereby declares that private colleges in Minnesota have the potential capacity for educating larger numbers of Minnesota residents and that providing for the education of additional Minnesota residents in private colleges, rather than in state institutions of higher education, would result in a savings of tax monies. The contractual arrangements with Minnesota private colleges authorized herein are designed to encourage and facilitate the education of larger numbers of Minnesota residents in private colleges located in Minnesota."

Hence, the program was designed to encourage private institutions to educate an increasing portion of Minnesota residents enrolled over the number of Minnesota residents enrolled in 1970. Also, the program provided a subsidy of $500 for each state grant-in-aid recipient enrolled. This was an effort to encourage private institutions to serve more low income students, thereby increasing accessibility and opportunity for Minnesota students from low income families. The private colleges responded favorably to the incentives. Some institutions made significant increases in the number of Minnesota residents enrolled, while others served an increasing number of low income students who were recipients of state grants-in-aid.

Because of declining enrollment levels in some public institutions, the Coordinating Board in 1975 suggested that the focus of the program be shifted from accommodating increasingly larger numbers of Minnesota residents. A revised basis of payments was adopted by the 1975 Legislature providing incentives to private colleges to continue their current level of service to Minnesota residents, including students from low income families.

This change set the amounts of $120 for state residents enrolled in two-year institutions, $150 for state residents enrolled in four-year institutions, $400 for state grant-in-aid recipients in two-year institutions, and $500 for state grant-in-aid recipients in four-year institutions.

The conditions of the 1980s caused the Board to re-examine the program and propose changes. As modified, the program would help ensure diversity in the availability of post-secondary education services to the residents of Minnesota. The program would promote the vitality of the private collegiate sector in Minnesota's post-secondary education system by providing a state subsidy for Minnesota residents served by eligible private institutions in Minnesota. In concert with the full recognition of differential costs in determining eligibility for financial aid, the revised contract program also would ensure that Minnesota residents could realistically choose to attend the full range of educational opportunities available in the state.

6. Governance

Introduction: Expressing its concern over projected enrollment declines, the 1979 Minnesota Legislature directed the Coordinating Board to study the Community College System.[27] Out of a similar concern, the 1980 Minnesota Legislature directed the Board to study the system of area vocational-technical institutes.[28] Following completion of the studies, the Board in January 1981 recommended that the governor support and the legislature create a new state board with responsibility for governing community colleges, AVTIs, and the technical colleges of the University of Minnesota. Legislation incorporating the Board's proposal was considered during the 1981 and 1982 sessions but was not adopted. Nevertheless, the proposal stimulated extensive discussion and some actions by the post-secondary systems. As the state faces fiscal and enrollment problems in the 1983-85 biennium, there will be a continued need to consider governance alternatives in order to maintain and enhance the quality of programs and institutions.

Background: The Coordinating Board's efforts included the preparation of interim reports, several technical reports, extensive consultation, the completion of two final reports, and the adoption of recommendations.

The interim reports identified several trends in the community college and AVTI systems.[29] These included the likelihood of declining enrollments resulting in several small institutions; the tendency for small institutions to incur high costs per student; and some apparent convergence of the two systems in their missions and instructional activities. The interim reports also presented analyses of alternative policies and actions to address these trends.

During the latter half of 1980 the Board met with representatives of the Community College System and held meetings with the State Board for Vocational Education. Discussion focused on the findings and alternatives presented in the interim reports. Following these discussions, the Board issued final reports based on each study.[30]

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[27] *Minn. Laws 1979,* Chapter 335, Section 3, Subd. 20.

[28] *Minn. Laws 1980,* Chapter 614, Section 25 (b).

[29] Minnesota Higher Education Coordinating Board, *Interim Report on the Minnesota Community College System* (July 1980);

Minnesota Higher Education Coordinating Board, *Interim Report on the Minnesota System of Area Vocational-Technical Institutes* (November 1980).

[30] Minnesota Higher Education Coordinating Board, *Final Report on the Minnesota Community College System* (January 1981);

Minnesota Higher Education Coordinating Board, *Final Report on Minnesota Area Vocational-Technical Institutes* (January 1981).

In the preparation of its recommendations, the Board identified several significant conditions common to both studies. They are:

1. The missions of the Community College System and the AVTIs tend to overlap. The Community College System, as part of its mandate, has provided occupational and vocational programs. While the AVTIs have adhered to their vocational mission, they show signs of expanding program offerings which may require increased work in related or general education.

2. One half of the community colleges are in the same community with an AVTI; almost one third of the technical institutes are located in the same community as a community college.

3. Enrollments for Minnesota post-secondary education are projected to decline by about 25 percent in the next 15 years, and fiscal conditions are expected to be difficult. This may result in program proliferation and wasteful competition in recruiting students.

4. The educational benefits to students from combining resources of the AVTIs and community colleges have become evident. The pooling of opportunities for students would increase educational opportunities for students without increasing the state outlay for education.

5. Maintaining the projected number of relatively small institutions under future conditions poses a problem, particularly in those communities that have both a small technical institute and community college. By 1990, five community colleges are projected to enroll fewer than 400 students; nine AVTIs are projected to have enrollments below 400 average daily membership.

6. Present governance structures are divided and insufficient. The present governance of AVTIs is no longer appropriate given the size, mission and public investment in the system. The technical institutes have become a state system in funding, in programs and in mission, but not a state system in governance.

Based on these conditions, the Board felt recommendations for the future of these two types of institutions should be comprehensive. Also, it concluded that recommendations should recognize the fact that the types of institutions together serve community, regional and statewide needs as part of a total system of post-secondary education in Minnesota.

Following release of the final reports, the Board made its recommendations.[31]

The Issues: Fiscal constraints and declining enrollments jeopardize Minnesota's commitment to provide high quality education while maintaining access and choice for students. Given this situation, the Board felt that one of three approaches could be adopted. The state could:

1. Provide state appropriations sufficient to ensure that small institutions retain a minimal core of services regardless of enrollments.

2. Close institutions that are no longer educationally effective because of declining enrollments and resources.

3. Make structural changes in the state's systems of post-secondary education.

In its final reports, the Coordinating Board related the findings and alternatives of the two studies to the achievement of statewide goals for post-secondary education. These goals include geographic access for students, maintenance of high-quality instruction, and efficient use of resources through reduced costs and elimination of unnecessary duplication of services.

The Board assumed that the top goal is providing quality education and that all other goals are secondary.

The Coordinating Board concluded that a single board for community colleges and technical institutes would result in the most effective marshaling of resources to meet the educational and financial needs of the state.

Recommendations: In January 1981, the Coordinating Board made the following recommendations regarding the provision of post-secondary instruction below the baccalaureate degree level:

1. **That the governor support and the legislature create a new state board for technical institutes and community colleges which would have governing responsibilities for the technical institutes, the community colleges, and the technical colleges of the University of Minnesota (Crookston and Waseca).**

The new board would have the responsibility for governing technical institutions, technical colleges, comprehensive colleges with vocational and academic college transfer programs, non-comprehensive community colleges offering only academic programs, and post-secondary centers that offer post-secondary education opportunities, either vocational or academic in nature but that do not constitute a full-scale college or institute.

The new board would have the authority, with legislative approval, to create any of the types of institutions or change the status of an existing institution to another type. It would have the responsibility provided by legislation to maintain and advance the distinction of the vocational mission from the academic mission. This would be accomplished through separate budget requests and other means as appropriate.

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[31] Minnesota Higher Education Coordinating Board, ***Recommendations on the Future of the Community College System and Area Vocational-Technical Institutes*** (January 1981).

Rationale: The shift of responsibility for governing of sub-baccalaureate education to a single governing board is more likely to ensure effective governance of this sector of education than is the present arrangement of separate and competing systems under different governing boards. The recommendation recognizes that the technical institutes have become a state system in funding, in program and mission importance, but have not become a state system in governance. As enrollments contract, the most efficient use of resources is likely to occur if a single governing board is responsible for those institutions that share a related mission, serve similar communities and regions, and compete for students with similar characteristics and goals.

The recommendation is not a proposal for a merger of the community colleges with the vocational-technical institutes. It is a recommendation for a governing board with the specific legislative mandate to create and ensure the distinct roles of four types of institutions based on regional needs, existing institutional networks, and projected populations. The new governing board also would have the authority, with legislative approval, to change the status of institutions as necessary and appropriate.

With specific responsibility to evaluate systematically the success of the two major functions — vocational education and academic education — this governance structure is intended to maintain the integrity of vocational offerings while enriching both general and vocational education through meaningful articulation of these programs.

2. **That the legislation creating the State Board for Technical Institutes and Community Colleges provide that the Board shall create area administrative structures. Each area administration shall include councils with responsibility to develop area plans; conduct area evaluations; recommend reallocation of programs, including positions within the area's budget, with approval of the State Board; and conduct such administrative duties as delegated by the State Board.**

Rationale: Throughout both studies, the value of local involvement in and influence on post-secondary program offerings has been recognized and emphasized. At the same time, the inherent and often unresolved conflict between local control and state level funding has been recognized as detrimental to effective governance. At best, the paradox of local control with centralized funding has produced programs consistent with local interest, irrespective of statewide priorities. At its worst, the conflict has meant confused or nonexistent lines of accountability and fragmented or conflicting leadership. The recommendation to provide for area administrative structures with area councils seeks to incorporate the best features of local control and influence within a state level system and shifts the center of planning, evaluation and delegated administrative responsibilities to a level broader than the local community.

This recommendation is based on the conviction that allocation decisions among a number of institutions should reflect, in part, the best judgment of area citizens. It is also made on the assumption, however, that if funding is a state level responsibility, governance and broad policy making and ultimate accountability must also be at the state level. In sum, this recommendation is an effort to strike a balance between the values of local control and influence and the need for state level funding, accountability and policy consideration.

3. **That the Board of Regents continually monitor the role of the General College (at the University of Minnesota Twin Cities campus) to ensure that its special service to disadvantaged and minority students not be reduced, prevent further expansion of lower division occupational programs in the General College except in cooperation with a technical institute, and limit the enrollment of the General College to a maximum of 3,000 students. Further, that the governor and the legislature not request or appropriate funds to General College for activities which are in conflict with these recommendations.**

Rationale: Public officials should be concerned that as enrollment declines, the University of Minnesota not spread its activities so broadly by enrolling students who could be served as well in other existing public institutions. In a period of declining students and limited resources, the University of Minnesota would be well advised to narrow its range of activities and thereby focus resources on those activities of highest priority. The community colleges in the metropolitan area might then take up the responsibilities currently borne by the General College.

4. **That the State University Board not implement new vocational programs of two years' duration or less in those communities where area vocational-technical institutes are located, and that the State University Board phase out vocational programs of two years' duration or less in such communities except where such programs are in cooperation with or in coordination with the area vocational-technical institutes, and that the legislature require this delineation of mission no later than January 1, 1985.**

Rationale: Recognizing the merit of further refinement in roles of institutions, especially in communities and regions where institutional roles overlap, the gradual withdrawal of the State University System from two years' and less programs where technical institute alternatives exist seems appropriate. The current overlap is slight, representing about 3.8 percent (56 out of 1,463 of all program offerings). However, the need to increase concentration of resources by institution, program and role seems to support this recommendation.

Status: In the 1981 legislative session, members of both the House of Representatives and the Senate introduced a measure incorporating many of the Coordinating Board's recommendations. The proposed legislation (HF 1020, SF 1113) was the subject of several committee hearings in the House during 1981 and 1982. Although the proposed legislation did not come to a vote in either chamber, it did prompt extensive discussion about the operation, financing, governance, and development of the Community College System and the AVTIs.

In the summer of 1981, the State Board for Community Colleges took an action consistent with the objectives of the Coordinating Board's recommendations. The State Board adopted a plan to reorganize the administration of the five community colleges in northeastern Minnesota into one college, Arrowhead Community College, with five campuses – Rainy River at International Falls, Hibbing, Mesabi at Virginia, Itasca at Grand Rapids and Vermilion at Ely. The objective is to ensure continual access to community colleges in communities where they are located, to improve services, and to reduce costs. Planning for the multi-campus institution occurred during Fiscal Year 1982. The new institution started operating July 1, 1982. The State Board for Community Colleges is considering the possibility of future reorganization efforts in northwestern Minnesota and southern Minnesota. Meanwhile, the State Board for Vocational Education has been considering the effects of various governance structures.

Because of the importance of the issue, the Coordinating Board was scheduled to consider governance again in fall 1982.

7. Plans for Declining Enrollments

Introduction: In conjunction with its efforts to address the state's fiscal problems, the Minnesota Legislature in January 1982 considered the prospects of declining enrollments in post-secondary education.

The legislature approved a package of tax increases and budget reductions that included cuts of approximately $50 million from post-secondary education budgets for Fiscal Years 1982 and 1983.[32] The legislation (House File 2) also mandated the governing boards of the public post-secondary systems, in consultation with the Coordinating Board, to prepare plans for providing services commensurate with anticipated decreases in enrollments. The legislature directed the Coordinating Board to review and comment on these plans.

Specifically, the legislation calls for the University of Minnesota Board of Regents and the State University Board to do the following:

> develop a plan for providing post-secondary education under conditions of declining or reduced enrollments;
>
> specify in the plan the fiscal implications of declining enrollments;
>
> propose in the plan a strategy for adjusting the present level of facilities and services to the projected level of reduced demand;
>
> consider in its strategy such methods as campus mergers, reorganizations, discontinuance of campuses or colleges, changes in system governance, and other such methods;
>
> produce a plan to reduce the cost of present facilities and services in proportion to the reduction in enrollment; and
>
> submit the plan to the legislature by January 1, 1983.

The legislation calls for the State Board for Community Colleges and the State Board for Vocational Education to do the following:

> continue the planning process which is currently ongoing and under discussion with legislative committees with regard to community colleges and AVTIs; and
>
> develop strategies to adjust the present cost of facilities and services to the projected level of reduced demand.

The legislation calls for all governing boards to:

> consider, when developing their strategies, such factors as the impact of such adjustments on students, short-term and long-term enrollment trends, fiscal implications, geographic accessibility to comparable institutions, accessibility for the handicapped, availability of alternative programs, legal implications and feasibility of employee transfers; and
>
> consult with each system and with the Coordinating Board while developing their strategies.

The legislation calls for the Coordinating Board to do the following:

> review and comment on the strategies developed by each governing board.

Status: The Coordinating Board plans to review and comment on the plans and strategies developed by each governing board for the 1983 Minnesota Legislature.

8. Post-Secondary Education for Part-time and Returning Students

Introduction: The history of American education is marked by a persistent broadening of opportunity to include multiple segments of the population. Institutions at all levels have responded to these demands by providing increasingly diverse programs to serve different student needs.

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[32] *Third Special Session 1981*, Chapter 2, Section 6.

Recently at the post-secondary level the number of adult students returning to formal education has grown. Usually these adults attend on a part-time basis. Although many attend programs designed for the majority of full-time students, returning adults often need or want programs which are tailored to their interests and schedules. Some educators feel that forecasted declines in the enrollments of recent high school graduates will allow their institutions to expand services to potential part-time and returning adult students.

During the past 15 years, the Higher Education Coordinating Board has taken positions on selected issues affecting part-time and returning students. However, the Part-Time and Returning Student Study, completed in 1981, represented the first long-range, broad investigation of the state's goals and policies for serving these individuals within post-secondary education institutions.[33]

The Issues: The study and report are organized around the following issues:

1. What programs should be available to part-time and returning students?
2. What forms of credit or recognition should be given to participants?
3. How should responsibility be shared and monitored within the post-secondary sector?
4. How should the Board's financial aid programs respond to changing patterns of enrollments?
5. How should instruction for part-time and returning students be funded?

Recommendations: The Board adopted the following recommendations in June 1981:

1. **That as a matter of policy, public collegiate institutions should make it possible for students to enter and complete selected degree programs by taking evening and weekend classes.**

   a. **That the Community College Board offer at least one evening or weekend associate degree program at each community college.**

   b. **That the State University Board maintain at least one evening or weekend bachelor's degree program at each state university.**

   c. **That the University of Minnesota Board of Regents offer at least one evening or weekend bachelor's degree at the Twin Cities, Morris, and Duluth campuses and at least one evening or weekend associate degree at Waseca and Crookston.**

Rationale: All public colleges offer an evening program of credit classes. Institutions differ in the extent to which the evening program can constitute a planned sequence of study, with decisions based on experience and perceptions of the local market. This recommendation asserts that the state has an obligation to part-time and returning students beyond providing a smattering of classes for intermittent students, especially since degree opportunities can be delivered only by post-secondary institutions.

Where not now in effect, this objective can be achieved through planned, multi-year scheduling or the addition of several required classes. Some terms, required classes may need to be offered alternatively during days and evenings at the occasional inconvenience of day students. Some institutions may choose to deliver the same curriculum as they do during the weekday; others may wish to construct a degree option that recognizes the interests of a different clientele and has the potential to attract the non-degree student as well. Specific majors and delivery modes will depend on local needs, but the quality of evening and weekend degree programs should meet or exceed the institution's standards for degrees earned during the day.

2. **That the State Department of Education include numerical goals for increasing the availability of part-time post-secondary vocational programs in the State Plan for Vocational Technical Education.**

Rationale: Because occupational skills often must be taught in sequence, it is not possible to deliver all post-secondary vocational education programs to part-time students, but more programs than at present can be made accessible. Institutes are moving in this direction following a funding change permitting part-time attendance. The Department of Education should take a leadership role by requiring specific plans tied to numerical objectives. Within an overall state goal, goals and implementation plans, using curriculum development funds if necessary, should be required from each AVTI.

3. **That as a matter of policy, academic and student support services, including the library, registration and academic advising, be accessible to all part-time and returning students enrolled for credit or post-secondary vocational education by:**

   offering on-campus services during selected evenings and weekends

   informing off-campus students of available on-campus services as well as bringing services off-campus wherever possible.

Rationale: The availability of supporting services tends to lag behind the availability of instruction for part-time and returning students. While many students may not need other services, the provision of instruction entails an obligation to ensure the quality and convenience of the educational experience. In particular, individuals seeking a planned program rather than a single course, are likely to need academic advising and counseling to achieve their objective because access by part-time and returning students will remain restricted in many locations. In planning supporting services, priority should, therefore, be given to assuring flexible access to academic guidance. Other services, such as child care, should be provided when needs and demand are sufficient to provide economical support.

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[33] Minnesota Higher Education Coordinating Board, *Post-Secondary Education for Part-Time and Returning Students, A Policy Paper* (June 1981).

4. **That in collegiate institutions, non-credit instruction conform to the overall mission of the college, be primarily post-secondary in nature, and emphasize areas in which collegiate education has unique resources and expertise.**

Rationale: If offered, non-credit instruction should be viewed as part of the institution's instructional mission, illustrating the accountability of faculty and administration for the integrity of all aspects of an educational institution's major purpose. Consistency with the overall mission will encourage diversity, maintain public understanding of the essential qualities of the institution, and protect the quality of non-credit work. Non-credit instruction normally should be an outgrowth of subject areas offered under the credit program because faculty and administrative expertise will be strongest in these disciplines.

5. **That Higher Education Coordinating Board staff conduct a study to examine the meaning of the academic credit in public and private collegiate institutions, ways in which accountability can be reinforced, and implications for inter-institutional cooperation.**

Rationale: Although credit hour production is an important means of measuring institutional activity and student progress, institutional standards and practice are not uniform. In the public systems, funding incentives act to encourage generous awards of credit, and in both public and private institutions recruiting objectives have similar effects. These forces will increase during the 1980s.

At a minimum, the state, the institutional community, and organizations which use the credit hour as an evaluation of student achievement have a right to an understanding of the meaning of this unit of measurement within each institution. At the same time, appropriate flexibility must be maintained to allow for different delivery strategies and student characteristics. Ultimately, the professional judgments of faculty, as delegated by the governing boards, are the key to maintaining a sound, yet responsive, system for making credit decisions.

6. **That each institution eliminate restrictions on the use of credits toward degree requirements when the credits have been earned in their own programs and when the restrictions are based solely on the time and place of delivery.**

Rationale: Because degrees are made up of more than a random accumulation of credits, institutions stipulate how credits may be applied to degree requirements. Appropriately, credits may be accepted as electives, distribution or major requirements, depending on subject matter. Some institutions have gone beyond content to discriminate among credits earned on- or off-campus, in the day or evening, and in individualized or classroom instruction. For example, the University of Minnesota restricts the use of Continuing Education and Extension credits in graduate and other degree programs, and some state universities place limitations on the acceptance of credit earned off-campus.

In opposition to these practices, this recommendation asserts that the time and place of instruction normally should not determine the applicability of credits toward fulfilling degree requirements. When equivalent quality is not achieved in alternate delivery systems, the decision to award a restricted form of credit poorly masks the institution's underlying doubts and assigns a second class status to students who often do not have the opportunity to enroll in conventional delivery modes. Rather than restrict the applicability of credit earned, institutions should develop creatively ways in which the quality of the educational experience can be brought up to standards. Current practices too easily allow institutions to avoid this demanding task while maintaining the appearance of access to part-time and returning students.

7. **That except for credit by examination, institutions not award credit for prior non-school learning unless (1) clearly stated criteria are in effect; and (2) faculty evaluators have been trained to assess the learning from experiences prior to enrollment.**

Rationale: To attract and serve the needs of returning students, institutions may desire to recognize learning which has taken place in a non-collegiate setting prior to enrollment. While this service may be valuable to some residents, there are numerous philosophical and practical questions which must be addressed before a program begins. These difficulties suggest that institutions should prepare themselves thoroughly and enter into a practice of evaluating experiential learning only as a result of deliberate decisions.

8. **That post-secondary institutions awarding the Continuing Education Unit (CEU) for non-credit instruction make it clear in their written policies and publicity that the CEU is unrelated to academic credits.**

Rationale: While the CEU was designed as a measure of non-credit activity, it is used by some institutions as an intermediate ground between credit and non-credit work. Confusion is added when courses are offered for either credit or CEUs and when credits are awarded for CEUs as part of an assessment of prior learning.

Although the Council on the Continuing Education Unit has recommended basic program standards, institutional practices vary and the CEU is often a measure of attendance only. The academic credit implies thorough evaluation of content and student competence. The two measures are unrelated. CEUs should never be converted by formula into academic credits, although the learning which has taken place in a non-credit setting may be evaluated separately by institutions which have the expertise to provide credits for competencies acquired through non-school experiences. Institutions should use particular caution in awarding either CEUs or academic credits for the same activity. When both measures are employed, it should be stated clearly that academic credits will require more rigorous work and evaluation than CEUs.

9. **That all public and private post-secondary institutions participate in regular communication networks, preferably on an organized basis, in order to coordinate their on- and off-campus courses for part-time students with neighboring institutions and other providers of educational programs for adults.**

Rationale: The state's policies for coordinating short-term, frequently changing offerings should recognize the strengths of existing communication networks. There are many examples of such organizations, including the Board's former regional centers, the Itasca Continuing Education Council and a group of providers in the northern suburbs of St. Paul. Where mechanisms are not in place, local or regional groups of post-secondary institutions and, if possible, other providers should be created.

Because institutional resources, commitment and service areas vary widely, each post-secondary institution should identify which other public and private institutions should be included in its regular communication networks. Some institutions may participate in several coordination bodies depending on location and course content. Institutions that find it necessary to extend beyond their normal geographic boundaries will be expected to conduct their planning in consultation with area institutions.

10. **That conflicts concerning off-campus credit and non-credit class offerings between institutions in different post-secondary systems be mediated by the Higher Education Advisory Council after local and regional coordinating efforts have failed.**

Rationale: Most institutions want to work out problems regarding local and regional services at the local and regional levels. Nevertheless, there may be occasions in which coordination is not achieved to the satisfaction of all participants. The proposed procedure would be activated only upon request from an affected institution and would result in a HEAC discussion concerning future activity in a locale. Action through HEAC probably would be requested only rarely. The existence of an outside mediation mechanism, however, should act as an additional incentive to maintain cooperation among institutions serving part-time and returning students. This role is consistent with the purposes of the Higher Education Advisory Council.

11. **That the public collegiate systems demonstrate a consistent, tangible commitment to the education of part-time and returning students through budgeting strategies and tuition policies that focus on the cost, level and content (purpose) of credit instruction, rather than time and place of delivery.**

    a. **That the State University Board employ uniform tuition levels and funding policies for equivalent on- and off-campus graduate courses.**

    b. **That the University of Minnesota Board of Regents pursue policies to make comparable the share of instructional costs borne by day students and students enrolled for equivalent classes under Continuing Education and Extension.**

Rationale: The present pattern of funding credit instruction is inconsistent and lacks a coherent policy base. The community colleges receive funding for a certain level of credit enrollments without regard to the subject taught or delivery method. In funding the University of Minnesota and the state universities, however, funding policies discriminate against part-time and returning students solely on the basis of their preferences for time and place of instruction. These policies are based on assumptions regarding the financial ability and educational motivations of students choosing different modes.

In fact, most instruction serves a variety of students, and delivery method imperfectly discriminates among student characteristics and outcomes. Variability in students' ability to pay is best accommodated through a comprehensive financial aid program based on need. Variability in educational outcome is best evaluated on the basis of course content.

The policy at the University of Minnesota has dampened the diversity and quality of programs available to evening students. Through a special state appropriation, Continuing Education and Extension students pay similar tuition rates to day students, but faculty members receive lower salaries than they do for day instruction and large class sizes must be maintained to enable CEE to remain largely self-supporting. This limitation has also made it difficult to sustain some evening degree programs which are necessary for persons who did not benefit from previous public investment in post-secondary education.

At the state universities, state support was withdrawn from the direct costs of off-campus graduate classes in Fiscal Year 1977 on the contention that many participants were teachers who would be financially reimbursed through salary advancements. While this action has surface validity, there are countless other instances in which the state funds instruction for students who will benefit financially from their education. More importantly, because it is based on location rather than program purpose, the policy actually discriminates against residents of rural areas and does not accomplish its original intent as long as on-campus graduate classes also are serving public school teachers.

The authority to allocate resources among competing programs and services is an essential responsbility of the governing boards. Many factors go into this process, and it is appropriate for systems and institutions to choose their priorities in the light of overall funding levels, student preferences, and other needs. These recommendations are directed toward reducing policies which prevent certain delivery modes from competing for funds on the same basis as other credit instruction. Policies which discriminate on the basis of subject matter, treatment, or cost would continue to be appropriate budgeting strategies. For example, it would be consistent within the above principle to provide reduced levels of support for curricula which are created to meet needs for in-service occupational training or to satisfy the leisure and civic interests of the general public.

Alternative implementation strategies include:

(a) increased levels of state funding;
(b) tuition adjustments spread over all students; and
(c) reallocation of existing resources.

Implementation at the University of Minnesota must be gradual as enrollments shift between day and Continuing Education and Extension classes. While readjusting levels of support at the University of Minnesota would involve several millions of dollars (the exact amount would depend on the implementation plan selected by the Board of Regents), it is estimated to be only 2-3 percent of the total budget in terms of Fiscal Year 1979 expenditures.

12. That except for non-credit instructional programs which have a limited scope and receive separate, special purpose funding, the costs of program administration, including assigned personnel, be considered a direct cost of providing non-credit instruction in public collegiate institutions and funded out of fees income rather than state appropriations.

Rationale: Non-credit instruction now receives state support through funded positions for programming personnel, use of facilities and supplies, and other indirect items. While some non-credit work achieves socially-desired objectives, equitable funding and services to students enrolled for credit deserve higher priority for state resources. This recommendation would remove a subsidy for incremental costs incurred in running a non-credit instructional program while allowing institutions to continue indirect subsidy through unrecovered overhead.

In many instances, personnel administering non-credit instruction are also in charge of non-instructional public services such as exhibits and conferences. This recommendation is not directed toward changing the funding of non-instructional activities. In addition, programs funded by Special Appropriations and grants, such as the Agricultural Extension Service, would not be affected.

13. That except for special programs funded in consort with economic development agencies, employers be charged the full direct and administrative costs of providing instruction which is content-tailored to their specific needs and offered at their request by public post-secondary institutions.

Rationale: Closer ties with employers can help post-secondary institutions reach greater numbers of part-time and returning students. Employers offer institutions a sound perspective on the needs of their employees and can assist in scheduling, locating and publicizing instruction. Post-secondary institutions offer employers a convenient, high quality source of training and education which supports business objectives. In many instances, cooperative arrangements involve instruction which is general in nature. State support for these offerings may be on the same basis as programs for the general public. When the content emphasizes non-transferable skills or is closed to the public, however, the program is essentially in-house training in which the employer's interests are primary. In these cases, employers should pay the full costs of instruction so that institutions do not create subsidies which favor some competitors over others. Even at full cost pricing, post-secondary institutions will represent an economical training resource. This recommendation would not affect special programs, such as the Comprehensive Employment and Training Act (CETA) and the New Jobs appropriation, which are targeted to disadvantaged individuals and geographic areas in accordance with specific development priorities.

14. That the public collegiate institutions consider charging an additional fee per credit hour for off-campus credit instruction if funds are needed to support the transportation expenses of bringing faculty to off-campus classes.

Rationale: Rural areas are difficult to reach with off-campus programs because enrollments tend to be low and faculty travel expenses are high. To some extent, these factors, which raise the per student costs past tolerable levels, are counteracted by the common use of adjunct instructors, but vast areas of the state must remain underserved under existing funding constraints. A modest fee – similar to the student services fee paid by on-campus students – would provide a means to cover the higher, incremental costs of off-campus classes without additional use of state resources. This method is preferable to requiring individual class members to drive long distances in order to achieve access to credit instruction.

15. **That in public collegiate institutions, a portion of any fiscal surpluses from non-credit programming be used to diversify non-credit offerings, provide financial assistance to low income participants, or increase support services accessible to the community.**

Rationale: Popular non-credit offerings can be a source of discretionary income to some post-secondary institutions. In an era of diminishing public funds for higher education, it is tempting to use the non-credit market, in which prices are determined locally depending on costs and demand, to generate needed resources. While this strategy has merit, it tends to limit the accessibility of non-credit programs to low income individuals or persons with less popular requests, an accessibility already constrained by the self-supporting nature of non-credit programming in general. When all revenues are diverted to other uses, the incentive and the risk capital for program administrators to diversify and extend their efforts are further reduced. This recommendation encourages institutions to use a portion of their non-credit surpluses, when attainable, to benefit the clientele which generated them. Adult vocational education, which operates under similar pricing flexibility, forbids the use of fee revenues for other purposes.

16. **That post-secondary vocational funding be permitted to support entry level training provided on a part-time basis, including programs which meet less than five hours a week and programs which are not also offered full-time.**

Rationale: Legislation currently requires part-time post-secondary vocational programs to be first offered on a full-time basis; State Board for Vocational Education rules require at least five hours of classroom attendance each week. These practices cloud the intended differences in the purposes of adult vocational and post-secondary vocational education by forcing AVTIs which want to offer certain types of part-time, entry level training to utilize adult vocational funds to accomplish their objective. Further, adult vocational funding requires participants to pay a greater portion of their instructional costs than post-secondary students.

While it is legitimate to differentiate funding practice depending on the purpose of instruction, differences founded solely on the basis of delivery provide disincentives to extend access to students who need flexible scheduling. Removal of scheduling limitations on post-secondary funding will enable vocational educators to design their classes around student needs and subject requirements rather than funding stipulations.

9. Hispanic/Latino Students in Minnesota Post-Secondary Education

Introduction: The 1979 Legislature directed the Coordinating Board to study conditions affecting participation of Hispanic/Latino students and to conduct outreach efforts with the Latino community in cooperation with the Council for Spanish Speaking Affairs.[34] The purpose of this mandate was to seek ways of increasing and enhancing the success of Hispanic/Latino students in post-secondary education.[35]

In January 1981 the Coordinating Board received a staff report on the status of Hispanic students and adopted recommendations intended to enhance career planning, expand the availability of data and research, develop more effective support services, meet financial aid needs, and continue Board liaison activities with Hispanic and other minority communities.[36]

The report demonstrated that minority students are achieving only limited success in post-secondary education despite the genuine efforts of the state, post-secondary institutions, and community leaders. Many of the recommendations resulting from the Board's review are not new, but address issues that require continuing attention and effort.

An outreach project and the development of the report were conducted in conjunction with individuals from the Hispanic/Latino community, public secondary schools, post-secondary systems and institutions, and individuals with special concern or expertise in minority education.

The Issue: The issue is how to improve the participation and success of Latino students – and students from other minority groups – in Minnesota post-secondary education.

Recommendations: The Board's recommendations are divided in five categories.

1. **Career Planning.** To more effectively meet the current career planning needs of Hispanics and other minority students, the Board recommends:

   That all secondary schools in the state increase current efforts to involve families, counselors, and students in timely, individually oriented career planning activities;

   That secondary schools make more extensive use of the services of the Post-High School Planning Program,

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[34] *Minn. Laws 1979,* Chapter 35, Section 3, Subd. 19

[35] Hispanic/Latino students are defined as persons of Mexican, Puerto Rican, Cuban, Central American, or other Spanish culture or origin regardless of race.

[36] Minnesota Higher Education Coordinating Board, *A Report on the Status of Hispanic/Latino Students in Post-Secondary Education and Proposals to Improve the Success of Hispanic/Latino and Other Minority Students in Post-Secondary Education* (January 1981).

particularly the Career Planning Program;

That multilingual counseling staff be available immediately to students and families whose primary language is not English;

That career planning information and instruction be available in translation for the language used in each school; and

That the governor and legislature provide continuing financial support for these efforts.

Rationale: The limited available data and testimony of concerned leaders suggest that Hispanic students and their families experience continuing difficulty in obtaining and using information about post-secondary educational opportunities and financial aid. Experiments with outreach methods, a limited number of surveys conducted with secondary students, and other local studies further confirm these findings.

2. **Data and Research.** To enhance and reinforce the steps necessary to develop the data to responsibly measure the enrollment, retention and success of minority students in post-secondary education, the Board recommends:

   That all school districts and post-secondary institutions in Minnesota maintain enrollment, attrition, and graduation data on each student with references to racial/ethnic origin;

   That the Department of Education and the Higher Education Coordinating Board continue projects to develop data bases which reflect enrollment, attrition and graduation data with racial/ethnic origin;

   That leaders in the Hispanic and minority communities join with the Department of Education and the Higher Education Coordinating Board in working with the legislature to find responsible ways to collect additional racial/ethnic specific data without violating the spirit and intent of data privacy provisions of the law; and

   That the governor and legislature continue to support responsible research relating to the success of educational institutions in providing access and service to racial and ethnic minority students.

Rationale: The sparcity of data about minority/ethnic group participation and success in post-secondary education makes it difficult to assess current conditions and to develop plans for correcting existing problems. Therefore, the state needs to increase efforts to improve data collection in this area. Efforts to improve the availability of data, however, must occur within a commitment to protect the rights of individuals and the requirements of federal and state privacy laws.

3. **Support Services:** To ensure that successful institutional efforts will be sustained and to provide a direct incentive for the development of more effective support services, the Board recommends:

   That institutional support services for Hispanic and other minority students be measured in terms of the successful achievement of student educational objectives as well as initial and projected enrollments;

   That the governor and the legislature condition further financial support for Hispanic and other minority support services to institutional performance and success with existing minority students; and

   That the governor and the legislature support the establishment of a statewide performance contract program designed to encourage the enrollment, retention, and success of Hispanic and other minority students in post-secondary education. Such a program should provide financial support for minority student services and should provide incentives for the improvement and success of such services.

Rationale: It has been demonstrated that many minority students increase their probability of success when effective support services are available. Yet, the availability and effectiveness of support services for minority students vary widely among post-secondary institutions in Minnesota as does the success of minority students in those institutions.

4. **Financial Aids.** To assure that post-secondary education will be realistically available to Minnesota residents and that the policy of financial aid programs will be sensitive to the needs of Hispanic and other minority students, the Board recommends:

   That the Higher Education Coordinating Board, the systems of post-secondary and secondary schools continue and improve their efforts to provide accurate, timely, and accessible information about post-secondary opportunities and financial assistance to all potential students and their families;

   That the Higher Education Coordinating Board and other appropriate agencies continue and expand efforts to provide general information and application instructions in Spanish and other languages spoken by significant portions of the state population;

   That the Higher Education Coordinating Board and other agencies providing financial assistance to Hispanic and other minority

families continue to work together to coordinate the purposes and effects of financial assistance;

That the Higher Education Coordinating Board, the governor, and the legislature continue efforts to adapt existing financial aid programs to meet the changing needs and characteristics of post-secondary students; and

That the Higher Education Coordinating Board work with the Spanish-Speaking Affairs Council, the Minnesota Migrant Council, and other appropriate bodies to review residency and eligibility requirements as they relate to migrants and recent immigrants in the state.

Rationale: A frequently mentioned barrier to Hispanic and other minority students' participation and success in post-secondary education is the lack of financial aid. Outreach activities conducted under this project demonstrated that few Hispanic students and families have the necessary information and understanding of existing financial aid opportunities. Existing financial aid programs also appear not to be sufficiently sensitive or flexible to fully accommodate the decision patterns of Hispanic and other minority students.

5. **Continuation of HECB Liaison Activities**: To assure continuation of HECB staff efforts to work with Hispanic and other minority students, families, community leaders and others concerned with attempting to realize the state's goals for post-secondary opportunities for all residents, the Board recommends:

That the governor, the legislature, and the Higher Education Coordinating Board extend the commitments to assistance in outreach and liaison as reflected in the Hispanic Student Project;

That the commitments to assistance be extended to all minority groups within the state;

That the Higher Education Coordinating Board continue its efforts to work more closely with the Council for Spanish Speaking Affairs and other organizations concerned with Hispanic and other minority students in post-secondary education; and

That the Higher Education Coordinating Board review the implementation of these recommendations during Fiscal Year 1983.

Rationale: The involvement of HECB staff and Board members in this project has been of significant assistance in developing better understanding of and communication with various Hispanic communities within the state. It also has assisted staff within the agency to review more effectively its attitudes and procedures to assure sensitivity to the needs of Hispanic students. At the same time this project has helped to develop additional awareness of the needs of other minority communities.

While the activities implemented under this legislative mandate focused primarily on Hispanic/Latino students, other minorities face similar problems and encounter limited success in post-secondary education. Therefore, the recommendations made should be interpreted with a concern for any Minnesota resident, and with particular concern for Hispanic and other minority residents whose language, cultural heritage, or financial status may pose barriers to success in post-secondary education.

Status: Funding for the Board's minority outreach effort was eliminated as a result of budget reductions in the special legislative sessions during the biennium. In developing its budget request for the 1983-85 biennium, the Board considered the need for restoring these funds. The Board's 1983-85 budget request proposes the addition of one position and associated expenses totaling $30,600 for each year of the biennium for minority outreach efforts. The Board believes that in the 1980s the state's commitment to promote adequate access to post-secondary education for all citizens is no less important than it was in the 1960s and 1970s. In order to know if this objective is being achieved, it is necessary to monitor how well post-secondary education is meeting the needs of minority groups.

C. STATE POST-SECONDARY EDUCATION PROGRAMS ADMINISTERED BY THE COORDINATING BOARD

1. Introduction

The Coordinating Board is responsible for administering several statewide post-secondary education programs. The first state program assigned to the Board was the State Scholarship Program in 1967; two years later the State Grant-in-Aid Program was created and assigned to the Board. Since then the legislature has established several additional financial aid programs, and tuition reciprocity agreements have been initiated and maintained with four states. Also several non-financial aid programs have been authorized and are managed by the Board. Each program fulfills a specific objective. This section provides a summary of those objectives, authority for the program, background, status, recommendations for the 1983-85 biennium, and the rationale for the proposals.

2. Student Financial Aid Programs

The Higher Education Coordinating Board administers nine student financial aid programs which have been created to help students pursue the post-secondary education opportunities that best meet their educational needs . These programs include three types — scholarship and grant, work-study and loan programs. They provide varying amounts of financial assistance to students with need. Combined with aid from federal, institutional, and private sources, the programs provide a comprehensive package of assistance for post-secondary students in public and private institutions.

Approximately 100,000 students received $118 million in state financial assistance in Fiscal Year 1982 from these programs to assist in meeting their costs of attending post-secondary education. Of that total 26.7 percent was appropriated by the Minnesota Legislature, and the remaining 73.3 percent was financed by student loan revenue bonds.

The largest of the programs are the State Scholarship and Grant Program, State Student Loan Program and Work-Study Program; they affect the broadest range and largest number of students. The remaining programs serve a more specific clientele. These programs include the Nursing Grant Program, Part-time Student Grant Program, AVTI Tuition Subsidy Program, Veterans' Dependents Assistance Program, and the Medical and Osteopathy Loan Program, which is being phased out.

This section reviews the programs and the Board's budget and policy recommendations for each. More detailed information on the programs can be found in a status report prepared for the Board in December 1982.[37].

a. Scholarship, Grant-in-Aid and Nursing Grant Programs

Objective of the Scholarship Program: To identify talented students in the state and provide financial assistance for those students who demonstrate financial need and wish to continue their education at institutions of their choice.

Objective of the Grant-in-Aid Program: To provide financial assistance for students with need and to encourage their post-secondary educational development at the institutions of their choice.

Statutory Authority for the Scholarship and Grant-in-Aid Programs: *Minn. Stat.* Sections 136A.09-136A.131 (1980).

Objective of the Nursing Grant Program: To provide grants to financially needy undergraduate students enrolled in nursing and licensed practical nursing programs.

Statutory Authority for the Nursing Grant Program: *Minn. Stat.* Section 136A.133 (1980).

Background: The State Scholarship Program was authorized in 1967, and the Grant-in-Aid Program was authorized in 1969. The Nursing Grant Program was transferred to the Higher Education Coordinating Board from the State Board of Nursing during Fiscal Year 1978. These programs are the foundation of Minnesota's comprehensive financial aid effort.

Changes in program characteristics together with increased funding have made the programs increasingly comprehensive. In 1970 less than $1 million was available for the programs, and fewer than 1,000 students were served. In Fiscal Year 1982, $32 million was available, and 47,475 students were offered awards. Of the dollars available in 1982, 35.2 percent was designated as scholarships and 64.8 percent as grants.

The most recent statutory changes in the programs were made by the 1979 Minnesota Legislature, which expanded eligibility for initial grant-in-aid awards to third and fourth year applicants starting in Fiscal Year 1981 and authorized an increase in the maximum scholarship and grant award to $1,250 in 1980-81 and $1,400 in 1981-82.

Students may apply to all three Minnesota programs with the same application form. Awards from one program preclude awards from either of the other two programs for that academic year. For this report no distinction is made among these programs because of their uniform standards and administration. The distinction between scholarships and grants is maintained for program administration, however, in order to provide priority funding to students with demonstrated scholastic abilities as well as financial need. Awards are made in the following order:

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[37] Minnesota Higher Education Coordinating Board, *Financial Aid in Minnesota: A Status Report as of June 30, 1982* (December 1982).

1. Renewal scholarships
2. Renewal grants and nursing grants
3. New scholarships
4. New grants and nursing grants

The award may not exceed one-half of the student's estimated need up to a maximum of $1,400. The award in combination with the Federal Pell Grant may not exceed 75 percent of the student's estimated financial need. The minimum award by statute is $100.

The policy relating the state awards to the federal Pell Grants was recommended by the Coordinating Board in 1976 and adopted by the 1977 Legislature. It was intended to encourage all eligible students to take advantage of the grant funds to which they are entitled under the Pell Grant Program (then called Basic Educational Opportunity Grant Program). Making use of federal funds to which Minnesota students were entitled meant a reduction in state expenditures in those years in which federal expansion occurred. These savings permitted funds to be awarded to larger numbers of applicants with financial need who applied by the deadlines. Prior to the 1977 policy change, low priority applicants did not receive awards because funds were exhausted before they could be served. In recent years, rationing has been imposed on all award sizes so that all applicants who apply before the deadline can be considered.

Any undergraduate student who has not received a baccalaureate degree may apply for and receive an award for up to a total of eight semesters or twelve quarters of post-secondary study. To assure that all potential applicants receive information about these programs and have a reasonable opportunity to apply regardless of residence, school of attendance, or family status, the Board does the following:

1. conducts workshops for high school counselors in the fall of each year;
2. provides institutions with lists of applicants;
3. provides high school counselors with a list of students who have applied from their school;
4. prepares an annual publication, *Focus on Financial Aid,* which provides a description of all major state and federal financial aid programs (these are mailed to all high schools and post-secondary institutions), and
5. provides information about the programs through the media.

Direct mailing of applications to all high school seniors was terminated in 1981 as a cost saving measure.

All monetary award recipients are selected solely on the basis of estimated financial need. Scholarship recipients must also demonstrate academic achievement as indicated by their high school rank – upper 25 percent of the junior class in high school. Applicants who show academic achievement but do not demonstrate financial need receive an honorary scholarship. Nursing Grant recipients must be enrolled in programs leading to licensure as registered nurses or licensed practical nurses. Each recipient must be enrolled full-time in an eligible institution, remain in good standing, and continue to show financial need. The amount of the award may vary from year to year to reflect changes in the student's financial situation.

Students may attend more than 160 eligible public and private institutions in Minnesota. These include the University of Minnesota, state universities, community colleges, public area vocational-technical institutes, schools of nursing and related health professions, private colleges and proprietary institutions.

Prior to the Fiscal Year 1981 award cycle, the Coordinating Board approved revisions in components of the formula used to estimate financial need for the program. Changes were made because inflation had eroded the reasonableness of the formula established in 1975. The revisions were intended to accomplish the objectives of greater realism, equity and simplicity and to establish a means of adjusting to limitations in funding.

Under the formula, financial need is estimated by subtracting the amount that students and parents are expected to contribute toward the student's education (based on a standardized analysis of income and assets) from the total cost of attendance. The cost of attendance includes tuition and mandatory fees, a living allowance and miscellaneous expenses. A comparison of the formula's components for the 1979-80 and 1980-81 school years appears in the table below:

The adjustments recognized increases in off-campus living costs, and thus increased the number of students eligible for awards. A summer savings expectation from the student was established, and program administration at both the state and institutional level was simplified.

The Coordinating Board attempted to determine realistic costs of attendance for Fiscal Year 1981 for all students. Staff estimates indicated that these adjustments would overspend the available funds. It was decided that a uniform percentage reduction in the realistic cost of attendance should be imposed to ensure the broadest distribution of funds among needy Minnesota students.

Prior to the 1980-81 school year, 100 percent of the calculated cost of attendance was used in the need formula. For the 1980-81 school year, however, the percentage adopted by the Board was 85 percent. This was

TABLE 29
COMPONENTS OF NEED FORMULA FOR OFF-CAMPUS AND ON-CAMPUS STUDENTS UNDER OLD AND REVISED METHODS MINNESOTA SCHOLARSHIP AND GRANT PROGRAMS 1979-80 AND 1980-81

	1979-80		1980-81	
Component	Off-Campus	On-Campus	Off-Campus	On-Campus
Cost of Attendance				
Tuition and Fees	Actual	Actual	Actual	Actual
Living Allowance	$1,100	Actual	$1,750	$1,750
Misc. Allowance	$ 400	$ 400	$1,000	$1,000
% Recognized	100%	100%	85%	85%
Parental Contribution	ACT calc.	ACT calc.	ACT calc.	ACT calc.
Student Contribution:				
From Academic Year Earnings	ACT calc.[1]	ACT calc.[1]	ACT calc.[1]	ACT calc.[1]
From Summer Earnings	$0[2]	$0[2]	$700	$700
From Savings/Assets	ACT calc.	ACT calc.	ACT calc.	ACT calc.

Note: ACT calc. represents the results of Uniform Methodology calculations performed by the American College Testing Program.

[1] For independent students only; exempted for dependent students.

[2] For dependent students only; summer earnings have been combined with academic year earnings and subjected to the ACT need analysis for independent students.

further reduced to 81 percent for academic year 1981-82. These reductions were necessary to stay within the 1981-82 appropriation from the legislature.

In both years, all applicants who demonstrated need under the constrained formula in force received awards. The standard living and miscellaneous allowances have not been adjusted for inflation since 1980-81; therefore the need estimates that are now made tend to be understated.

Status: Table 30 shows budgeted and expended amounts for Fiscal Year 1979 to 1982 and projections for Fiscal Years 1983 through 1985. The 1981 Minnesota Legislature appropriated $30.5 million for Fiscal Year 1982 and $29.1 million for Fiscal Year 1983. The Board also received authority to carry refunds from spending in the first year of the biennium into the second year. Refunds typically amount to 10 percent of the grants in each year. In addition, the Board received federal State Student Incentive Grant Program funds totaling $1.5 million in Fiscal Year 1982 and $1.4 million in Fiscal Year 1983. The higher education appropriations bill also included language that limited the proportion of funds flowing to students attending private institutions to approximately 50 percent of the total available funds.[38] The law also modified the statute relating to the maximum award to allow for an effective maximum award of less than the $1,400 which was authorized for 1981-82 and beyond.

Several legislative actions occurred during the biennium that affected the Scholarship and Grant Program. House File 2 reduced the Fiscal Year 1983 Scholarship and Grant appropriation by $1.9 million. Also language was passed stating that Fiscal Year 1983 Scholarship and Grant refunds would be available to cover the anticipated shortfall in the Interstate Tuition Reciprocity Program.[39] A measure passed in the regular 1982 session called for an additional reduction of $1,265,000 in Fiscal Year 1983.[40] In order to minimize the effect on the award process, this was to be accomplished at the end of the fiscal year through the use of refunds in excess of the amount needed to subsidize the shortage in the reciprocity program.

In the context of the state's fiscal crisis during the 1981-83 biennium, the legislature made funding for the Scholarship and Grant Program a high priority. The lack of sufficient money, however, enabled the legislature to provide only partial funding for the program as authorized, and this had significant implications for thousands of students facing rising educational costs. Under guidelines established by the Board, consideration for awards was given to all applicants applying by the July 15 deadline in Fiscal Year 1982 and 1983.

The average award size accepted declined from $693 in Fiscal Year

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[38] *Minn. Laws 1981,* Chapter 359, Section 3, Subd. 3.

[39] *Third Special Session 1981,* Chapter 2.

[40] *Minn. Laws 1982,* Chapter 641.

TABLE 30
OVERVIEW OF STATE SCHOLARSHIP AND GRANT PROGRAMS
FISCAL YEARS 1979-1982 AND PROJECTIONS FOR FISCAL YEARS 1983-85

	Actual Fiscal Years				Projected Fiscal Years		
Appropriations:	1979	1980	1981	1982	1983	1984	1985
Carryover	Canceled	$-0-	$ 5.3	$-0-	$ 5.7	$-0-	$ 5.0
Federal SSIG	$ 1.5	1.5	1.5	1.5	1.4	1.4	1.4
State	25.8	22.2	26.8	30.5	27.2	48.8	46.9
Total	$27.3	$23.7	$33.6	$32.0	$34.3	$50.2	$53.3
Awards	$22.2	$20.6	$30.7	$29.7	$29.2	$50.2	$53.3
Refunds	(2.7)	(2.2)	(4.2)	(3.4)	(2.9)	(5.0)	(5.3)
Net Awards	$19.5	$18.4	$26.5	$26.3	$26.3	$45.2	$48.0
Turnback/Carryover	$ 7.8	$ 5.3	$ 7.1	$ 5.7	$ 8.0	$ 5.0	$ 5.3
Applications:							
Student Pool (est.)	161,615	163,516	172,480	175,673	176,200	173,200	168,900
Applicants	51,248	57,503	67,057	77,389	77,238	76,208	74,316
% of Pool	(32%)	(35%)	(39%)	(44%)	(44%)	(44%)	(44%)
Awards Offered	32,749	32,532	41,943	47,475	46,729	45,831	45,414
% of Pool	(20%)	(20%)	(24%)	(27%)	(27%)	(27%)	(27%)
% of Applicants	(64%)	(57%)	(63%)	(61%)	(61%)	(60%)	(61%)
Awards Not Accepted	4,553	4,499	5,264	6,254	4,673	583	4,541
Awards Accepted	28,196	28,033	38,254	42,822	42,056	41,248	40,873
% of Pool	(17%)	(17%)	(22%)	(24%)	(24%)	(24%)	(24%)
% of Applicants	(55%)	(49%)	(57%)	(55%)	(54%)	(54%)	(55%)
% of Offered	(86%)	(86%)	(91%)	(90%)	(90%)	(90%)	(90%)
Average Award Size							
Offered	678	633	732	626	625	1,094	1,173
Accepted	692	656	693	614	625	1,094	1,173

1981 to $614 in Fiscal Year 1982 – it is projected to be $625 in Fiscal Year 1983. The maximum award was reduced from $1,250 in Fiscal Year 1981 to $1,050 in Fiscal Year 1982 and Fiscal Year 1983 rather than rising to the authorized $1,400. The cost of attendance recognized in the award formula was reduced from 85 percent of actual in 1981 to 81 percent of actual in Fiscal Year 1982 and 78 percent of actual in Fiscal Year 1983. Also during Fiscal Year 1982, the maximum federal Pell Grant was reduced from $1,750 to $1,670, and every award was reduced by $80.

Tables 31-34 show the distribution of State Scholarship and Grant and Federal Pell Grant awards by family income and post-secondary system for Fiscal Years 1981 and 1982.

The 42,881 recipients in 1981-82 represent an 11.9 percent increase over 1980-81. This is slightly behind the 15.4 percent increase in applications over the two-year period. In both years the majority of the recipients were dependent upon their parents, although independent students increased from 14.3 percent to 16.4 percent of total recipients over the two years.

Total state awards and award dollars were distributed evenly among all family income levels through $30,000 as shown in Table 31. Because available funds failed to keep pace with the increased application rate and inflation in educational costs, the average state award per recipient declined by $79 – an 11.4 percent drop. State awards tended to be lower for the lowest income categories because the Federal Pell Grant program met a larger percentage of need at the lower income levels. The state program is not as severely targeted as the federal program and reaches many families who are not eligible for Pell grants.

Among dependent students the largest award reduction in Fiscal Year 1982 occurred among students from families with incomes below $5,000, and the smallest reduction occurred among $20,000 to $25,000 annual income families. This was because the current methods of rationing depend heavily on the limitation of award size to the highest need students.

The number of recipients increased from Fiscal Year 1981 to Fiscal Year 1982 in each system of post-secondary education, as shown in Table 33. The proportion of those recipients attend-

TABLE 31
STATE SCHOLARSHIP AND GRANT AWARDS BY INCOME LEVELS, FISCAL YEARS 1981 AND 1982

	State Awards					
	Fiscal 1981			Fiscal 1982		
Income Distribution	Students	$ Amount	Avg. $	Students	$ Amount	Avg. $
All Students						
$00,000-04,999	7,245	$ 4,589,795	$634	8,287	$ 4,387,304	$529
$05,000-09,999	4,332	2,896,494	669	4,509	2,448,932	543
$10,000-14,999	5,147	3,778,497	734	4,980	3,111,153	625
$15,000-19,999	5,904	4,251,489	720	5,571	3,610,943	648
$20,000-24,999	6,517	4,542,260	697	6,450	4,210,085	653
$25,000-29,999	5,212	3,653,276	701	5,941	3,832,247	645
$30,000-34,999	2,570	1,865,768	726	3,946	2,590,086	656
$35,000 and up	1,390	990,932	713	3,196	2,127,716	666
TOTAL	38,317	$26,568,510	$693	42,881	$26,318,818	$614
Dependent Students						
$00,000-04,999	2,143	$ 1,368,493	$639	2,111	$ 1,032,833	$489
$05,000-09,999	3,996	2,704,409	676	3,723	2,058,905	553
$10,000-14,999	5,125	3,767,562	735	4,923	3,082,423	626
$15,000-19,999	5,902	4,250,414	720	5,564	3,606,908	648
$20,000-24,999	6,516	4,541,860	697	6,450	4,210,085	652
$25,000-29,999	5,212	3,653,276	701	5,941	3,832,247	645
$30,000-34,999	2,570	1,865,768	726	3,946	2,590,086	656
$35,000 and up	1,387	988,907	713	3,192	2,125,396	665
TOTAL	32,851	$23,140,688	$704	35,851	$22,539,236	$629
Self-Supporting Students						
$00,000-04,999	5,102	$ 3,221,303	$631	6,176	$ 3,354,471	$543
$05,000-09,999	336	192,085	572	786	390,027	496
$10,000-14,999	22	10,935	497	57	28,730	504
$15,000-19,999	2	1,075	538	7	4,035	576
$20,000-24,999	1	400	400	–0–	–0–	–0–
$25,000-29,999	–0–	–0–	–0–	–0–	–0–	–0–
$30,000-34,999	–0–	–0–	–0–	–0–	–0–	–0–
$35,000 and up	3	2,025	675	4	2,320	580
TOTAL	5,466	$ 3,427,823	$627	7,030	$ 3,779,583	$537

ing public sector institutions, however, increased from 66.0 percent in 1980-81 to 67.8 percent in 1981-82. The percentage of total dollars going to students in private institutions, which was mandated by the 1981 Legislature not to exceed 50 percent, dropped from 50.8 percent in 1980-81 to 48 percent in 1981-82. The largest decline in average award in 1981-82, $128, occurred in four-year private institutions, and the smallest decline, $25, occurred in community colleges. The principal cause of the sharp decline among private college students was the lowering of the maximum award from $1,250 in 1980-81 to $1,050 in 1981-82, which was imposed to limit the flow of dollars to private sector applicants.

Tables 32 and 34 show the combined state and federal awards by income level and by educational system. Since 1977 the calculation of state awards has taken into consideration the amount of federal awards for which the student is eligible. The goal of the state program is to meet 75 percent of the student's financial need with a combination of Pell and State Scholarship and Grant awards.

The state in order to calculate the state award makes an assumption about the size of federal awards. The two tables show combined average award sizes based on the assumptions that were used in Fiscal Years 1981 and 1982. Due to late federal decisions and tightened budgets, however, federal awards were less than had been assumed in the calculation. As a result, the actual combined state and

TABLE 32
COMBINED STATE AND FEDERAL AWARD TARGETS BY INCOME LEVELS, FISCAL YEARS 1981 AND 1982

	Combined State and Federal Award Targets					
	Fiscal 1981			Fiscal 1982		
Income Distribution	Students	$ Amount	Avg. $	Students	$ Amount	Avg. $
All Students						
$00,000-04,999	7,245	$12,091,235	$1,669	8,287	$13,793,620	$1,664
$05,000-09,999	4,332	7,033,764	1,624	4,509	7,355,746	1,631
$10,000-14,999	5,147	7,793,247	1,514	4,980	7,435,179	1,493
$15,000-19,999	5,904	7,836,091	1,327	5,571	7,418,713	1,331
$20,000-24,999	6,517	7,323,209	1,124	6,450	7,438,341	1,153
$25,000-29,999	5,212	5,123,890	983	5,941	5,746,571	967
$30,000-34,999	2,570	2,345,112	912	3,946	3,403,188	862
$35,000 and up	1,390	1,126,706	811	3,196	2,497,092	781
TOTAL	38,317	$50,673,254	$1,322	42,881	$55,090,040	$1,285
Dependent Students						
$00,000-04,999	2,143	$ 3,700,050	$1,727	2,111	$ 3,640,150	$1,724
$05,000-09,999	3,996	6,545,371	1,638	3,723	6,143,613	1,650
$10,000-14,999	5,125	7,763,188	1,515	4,923	7,359,015	1,494
$15,000-19,999	5,902	7,833,678	1,327	5,564	7,409,398	1,332
$20,000-24,999	6,516	7,322,284	1,124	6,450	7,438,342	1,153
$25,000-29,999	5,212	5,123,890	983	5,941	5,746,571	967
$30,000-34,999	2,570	2,345,112	912	3,946	3,403,188	862
$35,000 and up	1,387	1,122,607	809	3,192	2,491,948	781
TOTAL	32,851	$41,756,180	$1,271	35,851	$43,633,814	$1,217
Self-Supporting Students						
$00,000-04,999	5,102	$ 8,391,185	$1,644	6,176	$10,153,471	$1,644
$05,000-09,999	336	488,393	1,454	786	1,212,133	1,542
$10,000-14,999	22	30,059	1,366	57	76,164	1,336
$15,000-19,999	2	2,413	1,207	7	9,315	1,331
$20,000-24,999	1	926	926	–0–	–0–	–0–
$25,000-29,999	–0–	–0–	–0–	–0–	–0–	–0–
$30,000-34,999	–0–	–0–	–0–	–0–	–0–	–0–
$35,000 and up	3	4,099	1,366	4	5,144	1,286
TOTAL	5,466	$ 8,917,075	$1,631	7,030	$11,456,227	$1,629

federal award size was less than the amount shown in the tables.

In Fiscal Year 1981 the actual Pell grant award was $50 below the amount assumed by the state for calculating the state awards. The federal award reduction occurred because adequate funds were not appropriated. In Fiscal Year 1982, the federal award reduction ranged from $120 to $270 from the authorized level. Thus, in most cases the combined award shown in the table was higher than actually occurred.

Had federal decisions come earlier and state resources been adequate, the federal reductions would have been compensated for by increases in state assistance, and the award distribution shown in Tables 32 and 34 would have been achieved.

The typical recipient of a State Scholarship and Grant award in Fiscal Year 1982 was a single, dependent student from a family with a 1980 annual family income of $17,970 who lived off-campus. The typical recipient was also eligible for $670 in federal assistance from the Pell Grant Program prior to the reductions noted above.

During the biennium the Board conducted an extensive study of the state's financial aid system. (See Section III, B.4.) Inequities in the current Scholarship and Grant Program were identified — inequities that are heightened as a result of formula rationing when the program is less than fully funded. After the Pell and State Scholarship and Grant awards are made, students from lower income families are often left to bear a larger

TABLE 33
STATE SCHOLARSHIP AND GRANT AWARDS BY EDUCATIONAL SYSTEM, FISCAL YEARS 1981 AND 1982

	State Award					
	Fiscal 1981			Fiscal 1982		
System Distribution	Students	$ Amount	Avg. $	Students	$ Amount	Avg. $
All Students						
U of M	8,471	$ 4,968,111	$ 586	9,522	$ 5,214,615	$548
State U.	8,829	4,391,666	497	9,886	4,416,650	447
Community College	3,081	1,401,553	455	3,843	1,651,022	430
AVTI	4,925	2,301,737	467	5,824	2,396,849	412
Private 4-Year	11,088	11,884,975	1,071	11,552	10,890,447	943
Private 2-Year	1,923	1,620,468	843	2,254	1,749,235	776
TOTAL	38,317	$26,568,510	$ 693	42,881	$26,318,818	$614
Dependent Students						
U of M	6,659	$ 3,922,506	$ 589	7,298	$ 4,105,299	$562
State U.	7,420	3,624,833	489	8,158	3,674,605	450
Community College	2,646	1,181,565	447	3,209	1,356,473	423
AVTI	4,299	1,986,841	462	4,846	1,968,932	406
Private 4-Year	10,193	10,997,147	1,079	10,494	9,961,717	949
Private 2-Year	1,634	1,427,796	874	1,846	1,472,209	798
TOTAL	32,851	$23,140,688	$ 704	35,851	$22,539,236	$629
Self-Supporting Students						
U of M	1,812	$ 1,045,605	$ 577	2,224	$ 1,109,316	$499
State U.	1,409	766,834	544	1,728	742,044	429
Community College	435	219,987	506	634	294,549	464
AVTI	626	314,896	503	978	427,917	437
Private 4-Year	895	887,829	992	1,058	928,730	878
Private 2-Year	289	192,673	667	408	277,027	679
TOTAL	5,466	3,427,823	627	7,030	3,779,582	538

financial burden in meeting the cost of a post-secondary education than are students from middle-income families. The Board thus recommended a redesign of the financial aid system which would define more clearly the responsibility of students, parents, institutions, and government in paying for post-secondary education. The new design would require all Scholarship and Grant applicants, regardless of which institution they attend, to provide a minimum of 50 percent of their cost of attendance, with funds from work, borrowing or other sources. The major effect would be to better target limited financial aid funds to low income students. A change in existing statutes would be required.

Recommendation: The Board recommends that the 1983 Legislature appropriate $48.8 million for Fiscal Year 1984 and $46.9 million for Fiscal Year 1985 which would fund a redesigned Minnesota Scholarship and Grant Program requiring every student to contribute a minimum of 50 percent of his or her cost of attendance.

Rationale: Decisions on appropriations for student financial assistance should be made in the context of anticipated increases in tuition costs in both the private and public sectors, an anticipated reduction in the federal commitment, and with concern for increases in non-tuition costs.

Over the past biennium the conditions affecting Minnesota students have changed significantly. Tuition has increased by about 38 percent in the public post-secondary system and by about 30 percent in the private institutions. The federal government has reduced its role in providing student assistance. And the economic recession has slowed the growth of family income. As a result, the amount of resources that some students are expected to contribute has increased to levels which would seriously threaten their ability to continue their education. Meanwhile, in view of state budget problems, the 1981 Legislature was unable to fully fund the Scholarship and Grant Program in accordance with statutory authorization.

The recommendation to fully fund

TABLE 34
COMBINED STATE AND FEDERAL AWARD TARGETS BY EDUCATIONAL SYSTEM, FISCAL YEARS 1981 AND 1982

	Combined State and Federal Award Targets					
	Fiscal 1981			Fiscal 1982		
System Distribution	Students	$ Amount	Avg. $	Students	$ Amount	Avg. $
All Students						
U of M	8,471	$10,583,989	$1,249	9,522	$12,085,697	$1,269
State U.	8,829	10,442,972	1,183	9,886	11,561,910	1,170
Community College	3,081	3,344,467	1,086	3,843	4,170,234	1,085
AVTI	4,925	5,449,033	1,106	5,824	6,449,889	1,107
Private 4-Year	11,088	17,949,723	1,619	11,552	17,326,289	1,500
Private 2-Year	1,923	2,903,070	1,510	2,254	3,496,021	1,551
TOTAL	38,317	$50,673,254	$1,322	42,881	$55,090,040	$1,285
Dependent Students						
U of M	6,659	$ 7,681,390	$1,154	7,298	$ 8,452,575	$1,158
State U.	7,420	8,336,395	1,124	8,158	9,026,461	1,106
Community College	2,646	2,772,653	1,048	3,209	3,340,003	1,041
AVTI	4,299	4,674,344	1,087	4,846	5,238,290	1,081
Private 4-Year	10,193	15,885,819	1,559	10,494	14,846,071	1,414
Private 2-Year	1,634	2,405,578	1,472	1,846	2,730,413	1,479
TOTAL	32,851	$41,756,180	$1,271	35,851	$43,633,814	$1,217
Self-Supporting Students						
U of M	1,812	$ 2,902,599	$1,602	2,224	$ 3,633,122	$1,634
State U.	1,409	2,106,578	1,495	1,728	2,535,448	1,467
Community College	435	571,813	1,315	634	830,231	1,309
AVTI	626	774,688	1,238	978	1,211,599	1,239
Private 4-Year	895	2,063,905	2,306	1,058	2,480,218	2,344
Private 2-Year	289	497,493	1,721	408	765,609	1,876
TOTAL	5,466	$ 8,917,075	$1,631	7,030	$11,456,227	$1,630

the Board's proposal to redesign the Scholarship and Grant Program would enable the Board to achieve more effectively the program goals and more equitably distribute program dollars. This appropriation level would fund the program under existing statute at 90 percent of the projected cost of attendance.

Table 30 shows the effects of implementing the redesign for Fiscal Year 1984 and 1985. It is uncertain whether the proposal could be implemented in time for the 1983-84 school year even if legislation is approved. In that case, the figures for Fiscal Year 1984 shown in the table would be different.

Under the redesign the number of awards offered would decrease slightly in the 1983-85 biennium, and the average award would increase significantly – from $625 in Fiscal Year 1983 to $1,173 by the end of the biennium.

The Board believes that the recommendation should be considered in the context of the state's total investment in post-secondary education. Now approximately 6 percent of all funding for post-secondary education goes for direct student financial assistance while the rest goes for direct institutional support.

Other Developments: The 1980 Legislature provided support to help fund the development of a new data processing system for the financial aid programs. The new system is being implemented in 1983 and will provide for more efficient administration of the aid programs. With the new system in place, the Board is exploring the possibility of eliminating the July 15 application deadline and developing a more flexible deadline in order to better serve those students who make decisions to enroll after the deadlines.

Another issue that has gained increased attention both in Minnesota and nationally is the independent student who seeks assistance from government programs. The Board is addressing the definition and treatment of the independent student in the state aid programs and will complete this review in 1983.

b. Part-time Student Grant Program

Objective: To provide grant assistance to students enrolled less than full-time and not receiving other state or federal grant assistance.

Statutory Authority: *Minn. Stat.* Section 136A.132 (1980).

Background: The Part-Time Student Grant Program was enacted in 1977 to assist the growing number of part-time students in Minnesota. The program provides financial aid in the form of a grant to financially needy students attending eligible institutions less than full-time and pursuing programs or courses of study leading to degrees, diplomas or certificates. Students receiving other state or federal grants or tuition and fee payments from other sources are not eligible.

The awards are based on financial need as determined by earned income in the tax year prior to the academic year for which the applicant is registered as follows:

> Fewer than four persons in the family – income is not greater than the U.S. Bureau of Labor Statistics Urban Family Intermediate Budget ($8,758 to $15,164 in 1981).
>
> More than three persons in the family – income is not greater than the U.S. Bureau of Labor Statistics Urban Family Lower Budget ($18,758 to $26,187 in 1981).

The awards may cover the cost of tuition and fees paid by the student or the cost of tuition and fees of a comparable program at the University of Minnesota, whichever is less.

Grants are awarded for a single term and are not automatically renewable, but the recipient of an award may apply for additional awards for subsequent terms. Funds for the program are allocated by the Board to post-secondary institutions wishing to participate in the program. All schools eligible for the State Grant-in-Aid Program may participate. Allocations are determined by formula using the number of part-time students enrolled at each participating school.

Status: In Fiscal Year 1982, 42,115 students were enrolled on a part-time basis in Minnesota post-secondary institutions. Of that number, 1,358, or 3.2 percent, participated in this program compared to 2.3 percent in Fiscal Year 1980. In Fiscal Year 1982, 35 institutions of the approximately 160 eligible schools participated. Use of funds in 1982 was 88 percent. The average award in 1982 was $195.

The typical participant in this program is a single woman, age 29, who resides in the Twin Cities and is employed either full- or part-time. She is self-supporting with a gross annual income of $7,100.

Recommendation: The Board recommends that the 1983 Legislature continue to appropriate $300,000 for each year of the 1983-85 biennium.

Rationale: The request is based on anticipated increases in tuition and other costs during the biennium, the expected increases in the number of student applicants, and anticipated decreases in federal Supplemental Educational Opportunity Grant and College Work Study funding during the biennium.

c. AVTI Tuition Subsidy Program

Objective: To provide grant assistance to eligible students who are enrolled in area vocational-technical institutes and who have not been awarded state scholarships or grants-in-aid.

Statutory Authority: *Minn. Stat.* Section 136A.236 (1980).

Background: The program was authorized by the 1977 Legislature in conjunction with the decision to institute a tuition charge of $2 per day for AVTI students under 21, effective July 1, 1978.

This program provides emergency supplemental aid in the form of tuition subsidies to financially needy students enrolled full-time in AVTI programs.

The program focuses primarily on students who enroll in the AVTI system after the July 15 deadline for applications to the State Scholarship and Grant Program. Eligible students receive an award based on need, not to exceed 75 percent of the cost of tuition. Tuition subsidies are awarded for the length of the academic program, up to one year, and are not automatically renewable; however, the recipients may apply for additional assistance for subsequent periods or years.

The 1977 Legislature appropriated $3.6 million for Fiscal Year 1979, the first year of the program. The 1979 Legislature reduced this appropriation level to $1,792,500 for each year of the 1979-81 biennium and eliminated the requirement limiting eligibility to students under 21. The 1981 Legislature appropriated $1.4 million for each year of the 1981-83 biennium, with the stipulation that the unused balance in Fiscal Year 1982 would carry over to the Scholarship and Grant Program in Fiscal Year 1983. This is estimated to be $330,000. Legislation also was passed in 1981 directing the Coordinating Board to develop the necessary procedures to provide that the essential financial needs of students who have received AVTI subsidies are met through provisions of the Scholarship and Grant Program.

Status: In Fiscal Year 1982, some 30,000 students were enrolled in Minnesota's 33 AVTIs. Of that number, 4,595, or 15 percent participated in this program. The average award was $233. Of the $1.4 million appropriation, approximately 76 percent was used.

The typical recipient of a tuition subsidy award is 22 years old and financially dependent on his or her parents. The recipient comes from a three to four member family with an annual family income of $15,000.

Recommendation: The Board recommends that the 1983 Legislature continue to appropriate $1.4 million for each year of the 1983-85 biennium, and that any unused funds in the AVTI Tuition Subsidy Program be transferred to the Scholarship and Grant Program.

Rationale: Even though current levels of use fall significantly below appropriation levels, the uncertain economic conditions, anticipated tuition increases, and reductions in federal aid require a continuation of the 1982-83 appropriation levels. If the Coordinating Board staff is successful with planned changes in the administration of the Scholarship and Grant Program, which would remove deadlines for awards, the Tuition Subsidy Program would no longer be needed.

d. Veterans' Dependents Student Assistance Program

Objective: To pay the tuition and fees for Minnesota post-secondary students who are dependents of veterans declared prisoners of war or missing in action after August 1, 1958.

Statutory Authority: *Minn. Stat.* Section 197.09 (1980).

Background: The Veterans' Dependents Assistance Program pays tuition and fees for students enrolled in any post-secondary educational institution in Minnesota if they are dependents of Minnesota veterans who, while serving in the United States Armed Forces, were declared prisoners of war or missing in action after August 1, 1958. The annual stipend cannot exceed the maximum amount of tuition and fees charged at the University of Minnesota, Twin Cities campus. In Fiscal Year 1981, this amount was $1,200.

Status: One student has received assistance for a total expenditure of under $2,000. The 1981 Legislature appropriated $1,200 for each year of the biennium which was not used.

Recommendation: The Board recommends that the 1983 Legislature appropriate no funds for the 1983-85 biennium but that the Board be given authority to use refunded Scholarship and Grant Program funds should there be a need by eligible students.

Rationale: The program is rarely used and can be administered effectively in the manner proposed.

e. State Work-Study Program

Objective: To assist students in meeting their financial needs, to provide students with valuable work experiences, and to provide nonprofit service agencies, handicapped persons, and persons over 65 with student assistance at low cost.

Statutory Authority: *Minn. Stat.* Sections 136A.233-136A.235 (1980).

Background: The State Work-Study Program was created by the 1975 Legislature to supplement the Federal Work-Study Program. The program provides opportunities to undergraduate and graduate post-secondary students enrolled in public and private colleges and vocational schools in Minnesota.

Student earnings typically range from $100 to $2,500 per year depending on the number of hours worked and the hourly rates. Federal and state minimum wage laws apply.

Eligible participants are Minnesota residents enrolled full-time in a Minnesota post-secondary institution which is eligible for the State Scholarship and Grant Program. Eligibility for participation is determined by using standard need analysis criteria.

Awards are made by the campus financial aid administrators to meet estimated student financial needs after considering:

1. The student's educational costs;
2. The availability of other federal and state aid.

The formula is as follows:

Estimated education costs	xxx
Less:	
Parental Contribution	(xxx)
Student Contribution	(xxx)
Other federal aid (Pell, NDSL, etc.)	(xxx)
Other state aid	(xxx)
Estimated Student Financial Need	xxx

This program differs from the Federal Work-Study Program in that the federal program, by employing stricter need criteria, targets its funds toward students from lower income families.

Under the state program, work-study can be used to replace the parental contribution in certain documented cases. The effect is to allow students from middle-income families who are denied assistance from their parents to earn sufficient income to pay the cost of attendance.

Institutions are required to make reasonable efforts to place work-study students in employment with eligible employers outside the institution. Eligible employers other than post-secondary institutions include: (1) non-profit, non-sectarian organizations, (2) handicapped persons, or (3) persons over 65 who employ a student to provide personal services in or about their homes. In Fiscal Year 1982, approximately 40 percent of the funds were used for these types of off-campus positions.

The employer for whom the student works must pay at least 20 percent of the total salary costs. The Work-Study Program pays for the balance.

Status: Work-study appropriations for the current biennium are being used fully. In Fiscal Year 1983, approximately 7,320 students at 98 institutions are expected to participate in the program. Average earnings are expected to be $556. Funding levels for Fiscal Year 1982 and 1983 were $3,892,000 and $4,067,000. The typical participant in the program is a single woman, age 20, whose permanent residence is with her parents in the Twin Cities area. She is an undergraduate student studying liberal arts.

Recommendation: The Board recommends that the 1983 Legislature appropriate $4,209,000 for this program in Fiscal Year 1984 and $4,428,600 in 1985.

Rationale: The recommendation would allow for the same number of students as participated in Fiscal Year 1983 to use the program in 1984 and 1985. The increased funding reflects an anticipated increase in minimum wages from $3.35 in Fiscal Year 1983 to $3.70 by the end of the biennium. The budget request also anticipates continued high use of the program, particularly when federal work-study funds are being reduced and educational costs are rising. Average earnings would increase from $569 in Fiscal Year 1982 to about $605 in Fiscal Year 1985.

f. Minnesota State Student Loan Program

Objective: To improve access and choice of post-secondary education for Minnesota students by providing loans to assist them in paying for the costs of education.

Statutory Authority: *Minn. Stat.* Section 136A.14-142, 136A.15-136.179 (1980) and *Minn. Laws 1981,* Chapter 300.

Background: The 1973 Minnesota Legislature authorized the Higher Education Coordinating Board to establish and administer a State Student Loan Program as a direct lending institution under the Federal Guaranteed Student Loan Program.[41] The state program is intended to provide access to guaranteed loans to all Minnesota residents and students attending eligible institutions who are unable to obtain loans from other sources (i.e., banks, savings and loans, institutions).

Eligible students are Minnesota residents who are enrolled at least half time in post-secondary institutions located in Minnesota and other states or residents of other states who are enrolled at least half time in post-secondary institutions located in Minnesota; students must be in good academic standing and remain in continuous attendance during the loan period.

Eligible schools include all schools approved by the federal Department of Education; these are schools with which the Coordinating Board has a signed Institutional Agreement. Schools located outside of the continental United States are not eligible.

Students from families with incomes equal to or below $30,000 are eligible for loans with federal interest benefits. Students from families above $30,000 must provide family financial information to establish financial need.

Undergraduate and vocational students are eligible for loans up to $2,500 per academic year and $12,500 cumulative maximum. Graduate and professional students are eligible for loans up to $5,000 per academic year with a $25,000 cumulative maximum.

Interest is charged at the rate of 7 percent to students who commenced borrowing prior to January 1, 1981. The rate is 9 percent for students who started borrowing after January 1, 1981. Interest charges accrued are paid by the federal government for eligible students directly to the lender during the time the student is in school and also through a grace period. To help offset the interest costs to the federal government, an origination fee was instituted in 1981. Borrowers must pay a 5 percent fee to the lender. This fee is deducted from the loan amount.

Repayment of principal amounts is deferred until the student completes his or her education. A grace period of six to nine months is provided to allow the student to find employment. If a student drops out of school before graduation, repayment of the principal amount commences 6 to 12 months after the date the student leaves school. The period before repayment is six months for 9 percent loans and 9-12 months for 7 percent loans. Repayment can be scheduled for up to a maximum of 10 years. The Coordinating Board's experience is that most students repay their loans within six years.

Repayment of principal and interest amounts is processed for the Coordinating Board by the Student Loan Servicing Center of the Higher Education Assistance Foundation on a contractual basis.

Funding for the State Loan Program is accomplished in three ways:

1. Issuance of Revenue Bonds: The primary source of funding is through the issuance of tax-exempt revenue bonds. The bonds are authorized by the state of Minnesota up to $550 million. The bonds are issued by the Higher Education Coordinating Board. They are obligations of the Board and do not carry the "full faith and credit" of the state. Table 35 presents a history of bonds issued by the Higher Education Coordinating Board and outstanding as of June 30, 1982.

   The present and projected bond ceiling status is presented in Table 36.

2. Secondary Market Services: A second source of funds is through the secondary market through which student loans are purchased directly from the Coordinating Board or forward commitments are issued to purchase loans. The Coordinating Board has entered into agreements with the Student Loan Marketing Association (SLMA) and two local banks. These

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[41] The Guaranteed Student Loan Program was created by Title IV of the Higher Education Act of 1965.

TABLE 35
STUDENT LOAN REVENUE BONDS ISSUED BY THE HIGHER EDUCATION COORDINATING BOARD AS OF JUNE 30, 1982

Revenue Bonds	Issue Amount	Issue Date	Due Date	Interest Rate	Status
I	$ 29,400,000.00	01-74	04-84	4.8	Escrowed
II	8,000,000.00	10-75	10-85	6.5	Escrowed
III	10,000,000.00	12-75	10-80	5.75	Matured
IV	37,200,000.00	04-76	04-78	5.25	Matured
V	37,000,000.00	10-77	04-80	4.2	Matured
VI	38,250,000.00	08-78	04-82 to 04-89	6.3	Escrowed
VII	100,000,000.00	09-79	04-82 to 04-89	6.14	Outstanding
VIII	55,000,000.00	08-80	04-83 to 04-92	6.98	Outstanding
IX	50,000,000.00	03-81	04-84	7.88	Outstanding
X	45,000,000.00	10-81	04-85	10.75 (plus variable)	Outstanding
XI	45,000,000.00	12-81	04-85	9.75 (plus variable)	Outstanding
XII	37,000,000.00	02-82	04-83 to 04-90	12.6	Outstanding
TOTAL	$491,850,000.00				

TOTAL	$491,850,000.00
LESS: Escrowed and Matured	(159,850,000.00)
Retired (Outstanding Issues)	(5,000,000.00)
TOTAL OUTSTANDING	$327,000,000.00

TABLE 36
MINNESOTA STATE STUDENT LOAN PROGRAM BOND CEILING PROJECTED THROUGH JUNE 30, 1985

Current Bond Ceiling		$550,000,000
Deductions:		
Outstanding Issues (6-30-82)		
Guaranteed Student Loan	$327,000,000	
Medical Loan Program	3,420,000	(330,420,000)
Projected Bond Issues		
May 1983	95,000,000	
May 1984	95,000,000	
May 1985	95,000,000	(285,000,000)
Additions:		
Redemptions of Outstanding Issues		
1983	9,000,000	
1984	66,600,000	
1985	108,500,000	184,100,000
Projected Balance of Ceiling Available at 6-30-85		$118,680,000

transactions make additional capital available for the Board to make loans.

The SLMA is a U.S. chartered private corporation created by the 1972 Amendments to the Higher Education Act of 1965. The purpose of the SLMA is to provide liquidity to banks and other lenders in the Guaranteed Student Loan Program. The SLMA develops such liquidity by purchasing loans or entering into commitment agreements.

The major source of funding for SLMA activities through 1981 had been through the issuance of debt obligations by the Federal Financing Board. Current funding requirements are accomplished by issuance of debt securities in the private capital markets.

Under the terms of an agreement entered into by the Coordinating Board, the Higher Education Assistance Foundation (HEAF), and the SLMA on August 14, 1979, the SLMA will purchase, at the Coordinating Board's option, loans originated prior to June 30, 1984 in amounts not to exceed the following:

Period	Cumulative Amount
6-30-80	$ 45 Million
12-31-80	80 Million
6-30-81	100 Million
12-31-81	150 Million
6-30-82	175 Million
12-31-82	200 Million

As of June 30, 1982, the Coordinating Board had exercised approximately $30 million of its option to sell under this agreement.

The additional $170 million is committed to loans made under existing bond issues, and the Board can exercise its option to sell at any time in the future.

Under prior agreements with the SLMA, a significant number of loans originated by the Coordinating Board was sold to the SLMA. The SLMA may at its option purchase any additional loans made by the Coordinating Board to individuals involved in those original sales. To date 78,632 loans totaling approximately $136 million have been sold in this manner.

The Coordinating Board also has entered into secondary market agreements with the local banks. In 1981, the Higher Education Coordinating Board entered into commitment agreements with the First National Bank of St. Paul and the Northwestern National Bank of Minneapolis in conjunction with the issuance of $90 million of short term tax-exempt bonds. In September 1982, the Board entered into a master commitment agreement with the two banks totaling $150 million ($75 million each) to provide the necessary liquidity for bond sales through 1984. Under the terms of these agreements, upon maturity of the applicable bond issues, the two banks either will purchase the notes or provide alternative financing to the Board to enable it to meet its repayment obligations. Since the short-term bonds mature (three to five years) before the normal student repayment period ends (8-10 years), it has been essential for the Board to secure these agreements to assure bondholders that the bonds will be paid at maturity.

3. Earnings: A third source of funding is the earnings generated by the operation of the programs. These include (1) interest on temporary investments on the proceeds of revenue bond issues, (2) the interest on loans while the student is in school which is provided by the federal government, and (3) special allowance payments by the federal government to lenders to encourage their participation.

   In August of 1978 the Board issued $38,250,000 in bonds due serially from 1982 through 1989. Under the terms of this issue, relending of program principal earnings was prohibited specifically until the following conditions were met: (1) the principal amount of the August 1978 bond issue was escrowed, (2) one year's interest expense on subsequently issued bonds and one year's program operating expenses were accumulated in the debt service fund.

In January of 1982, the Higher Education Coordinating Board issued $37,000,000 of tax-exempt revenue bonds to refund the $38,250,000 issue of August, 1978. This action was a milestone in the program as it eliminated the bond covenants prohibiting relending contained in the 1978 issue referred to above. The Board can now relend to students the repayments of loan principal and interest in excess of the debt service requirements of the other outstanding issues. This source of funding is expected to grow in significance. As of June 30, 1982, approximately $55 million, or 15 percent of program earning assets, had been funded from this source.

Since inception of the program in 1974, all administrative expenses, in addition to debt service on outstanding revenue bonds, have been paid from income generated by the program without the need for state appropriations.

Defaults: Under the terms of an agreement dated July 6, 1977, loans made under the Minnesota State Student Loan Program are guaranteed 100 percent indefinitely by the Higher Education Assistance Foundation, a non-profit corporation which was created to insure loans against default in Minnesota. The Foundation's guarantee is reinsured by the federal government up to 100 percent with a minimum of 80 percent.

The default rate for determining

the federal government's liability for reimbursement to a guarantor is determined annually and is not cumulative; thus, the beginning default rate each year is zero. The computation of the default rate excludes defaults by reason of death, disability or bankruptcy and is based on the original principal amount of loans in repayment.

The Coordinating Board's experience is that defaults primarily occur in the first year of repayment, or by the "drop out" student. Thus, defaults tend to occur most often in the early stages of a loan.

Regardless of the default rate for its loans, the Coordinating Board will receive 100 percent reimbursement from the Foundation, assuming the Board has complied with the Foundation's requirements. The Coordinating Board's default rate, however, directly affects the Foundation. Each year the federal government determines the default rate for Minnesota by assessing all loans guaranteed by the Foundation and related defaults from both the Coordinating Board and all private lenders. This ratio will determine the level of reinsurance (80 to 100 percent) the federal government offers to the Foundation.

The Coordinating Board estimates its default rate for Fiscal Year 1982 to be 4 percent. This default rate is considerably higher than that experienced by the commercial banking industry in its retail banking portfolios (.5 percent to 1.0 percent) for the following reasons:

> The Coordinating Board makes no credit analysis of the borrower while the banking industry is more selective and lends to the better credit risks.
>
> All student loans are unsecured by collateral while the majority of retail banking loans are done on a secured basis.
>
> The Coordinating Board's program was started in 1974. Since the student does not enter repayment for approximately five years, the results to date include a disproportionate share of the problem loans which occur in the early years of the student's college period.

Nevertheless, the 4 percent default rate for Minnesota is one third the national average of 12 percent for Guaranteed Student Loans.

Status: The Coordinating Board, in its role of lender of last resort, has been a major source of funding for Minnesota students, accounting for 50 to 60 percent of statewide loan volume over the past five years.

Since the authorization of the program in 1973, the Coordinating Board's policy has been to encourage as much private lender participation as feasible with the understanding that general economic conditions and regional needs will cause frequent shifts in private participation.

As indicated in Figure 16, the number of students applying to the program in Fiscal Year 1981 and 1982 continued to increase over the previous two years as did average loan size, reflecting increases in educational costs. In October 1981, federal regulations were amended to require students from families with incomes above $30,000 to submit family financial information to establish a financial need for the loan. This reduced the number of loans advanced by the Board in Fiscal Year 1982 by 15 percent but had a lesser impact on aggregate lending due to the increase in average loan size. Additional factors contributing to the reduction in the Board's volume were the increase in the number of private lenders participating in the program in Minnesota, from 528 in June 1981 to 585 in June 1982. Several private lenders significantly increased their participation to offset the effects of the economic slowdown. Table 37 summarizes trends in loan volume. Figures 16 and 17 illustrate number of applicants and loan disbursement patterns over this period.

Recommendation: The Board recommends that this program be retained under current policy and guidelines and that no state funds be requested.

Rationale: No state appropriations are required for this program. The legislature, however, does make decisions on the level of bond authorization. In 1981, the legislature increased the Board's authorization from $300 million to $500 million. With a bond ceiling balance of $118,680,000 projected for the end of the 1983-85 biennium, the need for additional bonding authorization is not anticipated.

Although loan financing does not require state appropriations, it remains a critical component of how students and their families finance their education.

Because the State Loan Program is a lender under the federal Guaranteed Student Loan Program, the state is dependent upon federal actions. In 1981, for example, the federal Omnibus Budget and Reconciliation Act instituted several program changes including the $30,000 income threshold and the 5 percent origination fee on each loan. In its Fiscal Year 1983 budget proposals the Reagan administration recommended that graduate and professional students be excluded from GSL eligibility, that all applicants demonstrate financial need, that the origination fee be increased from 5 to 10 percent, and that all borrowers pay market interest rates two years after graduation. While these proposals were not adopted by Congress, the program is expected to be the subject of further federal scrutiny in the next two years and further changes are possible. The likely result would be reductions in the availability of loans.

Any reduction in loan availability not only could affect the educational plans of students but could undermine the assumptions that support the Co-

TABLE 37
SUMMARY OF HECB LOAN VOLUME
FISCAL YEARS 1978-1982

Fiscal Year	Est. Student Pool[1]	No. of HECB Loans	Percent of Pool	Avg. Loan Size	Total Loans (Millions)
1978	191,000	15,977	8%	$1,736	$27.7
1979	187,000	21,716	12	1,778	38.6
1980	189,000	28,856	15	1,784	51.5
1981	199,000	49,246	25	1,903	93.7
1982	200,000	41,773	21	2,067	86.3

[1] Source: HECB fall enrollment surveys. Includes an estimate of Minnesota students attending non-Minnesota institutions.

FIGURE 16
NUMBER OF APPLICATIONS TO STATE STUDENT LOAN PROGRAM
1978-1982

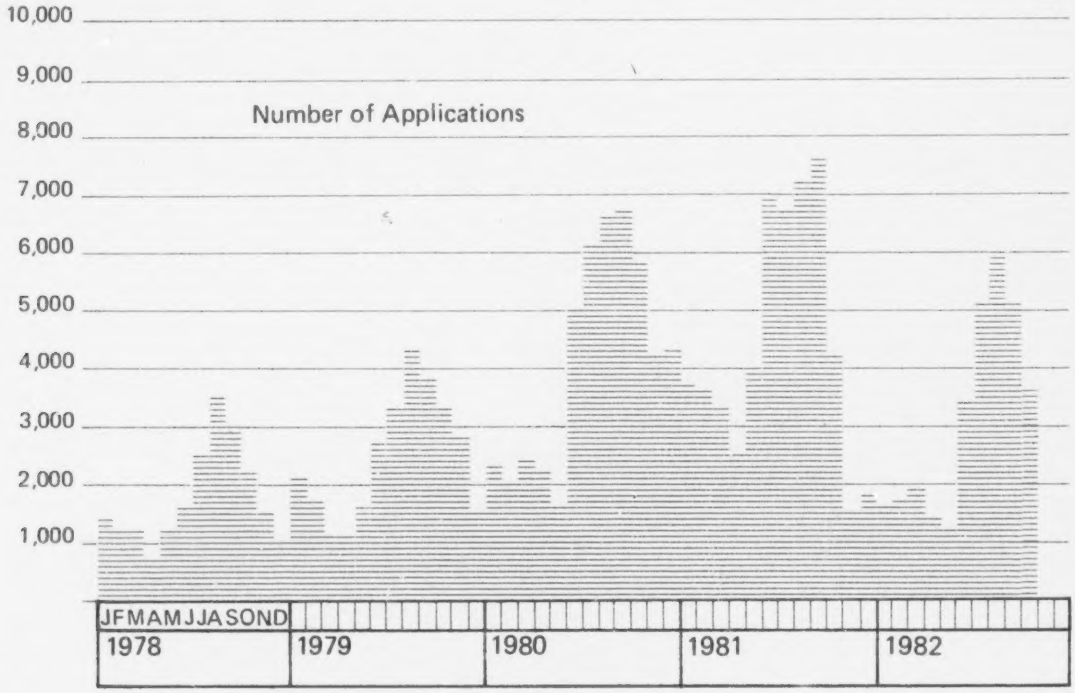
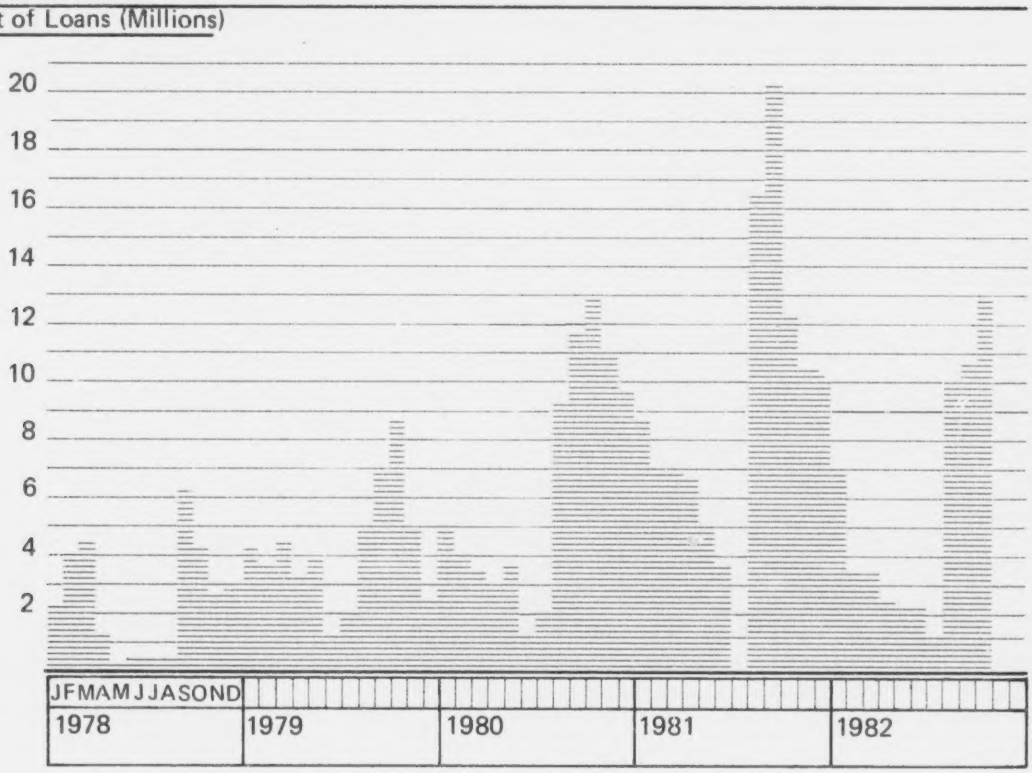


FIGURE 17
DOLLAR AMOUNT OF STUDENT LOANS UNDER STATE STUDENT LOAN PROGRAM
1978-1982



ordinating Board's proposed design for shared responsibility (see Section III.B.4). Under that proposal, all Scholarship and Grant applicants would be required to contribute 50 percent of their educational costs through work, borrowing or assistance from other sources.

Because of the importance of loans in meeting students' needs and in view of the uncertain federal role, the Board is reviewing the state's role in providing loans to students and will make recommendations to the 1983 Legislature. The Board is examining the following:

> Defining a reasonable burden for student loan borrowers; that is, how large a debt can a student carry upon completion of his or her post-secondary education.
>
> Determining conditions necessary for a student loan market to exist considering students' needs and lenders' needs.
>
> Analyzing the need for additional student loans.
>
> Examining the range of options that could be considered by the state for supplementing existing or proposed federal and private student loan programs.

PLUS Loans: A federal loan program related to the GSL Program is the Parent Loans for Undergraduate Students (PLUS). This program, also called Auxiliary Loans to Assist Students (ALAS), provides three types of loans. Graduate students or parents of undergraduate students may borrow $3000 per year and $15,000 in the aggregate. Independent, undergraduate students may borrow $2,500 per year minus any amount borrowed under the GSL Program. Graduate students, however, may borrow up to the maximums under the PLUS Program in addition to their GSL loans.
The interest rate is 14 percent but may be reduced to 12 percent should the rate on 91-day Treasury Bills drop below 14 percent. There is no interest subsidy to borrowers as in the GSL Program. Repayment begins within 60 days after taking out the loan.

In Minnesota the program is administered by the Higher Education Assistance Foundation, and these loans are made by some private lenders throughout the state.

The 1981 Legislature granted the Coordinating Board standby authority to offer these loans to parents of eligible students. Before implementing a loan program for parents, however, the Board is to obtain approval from the Legislative Advisory Commission. The Board does not plan to implement the program without clear evidence of substantial need and documentation that the private lending community cannot meet the need.

g. Medical and Osteopathy Loan Program

Objective: To provide financial assistance to medical and osteopathy students who agree to practice in rural communities in Minnesota designated as areas in need of medical doctors or osteopaths.

Statutory Authority: *Minn. Stat.* Sections 147.30-33 (1980).

Background: The Medical and Osteopathy Student Loan Program was created by the 1973 Legislature to provide assistance to Minnesota students in medicine or osteopathic medicine who intend to practice in rural areas in Minnesota that have physician shortages. Up to 24 students may enter the program each year. Each student may borrow as much as he or she requires to meet educational expenses, up to $6,000 per year and up to $24,000 in total while pursuing a medical or osteopathy degree. Interest charged is 8 percent per year from the time the loan is made. Participants are selected by the Coordinating Board based upon recommendations by the Board of Medical Examiners. Annually, the Board approves a list of communities in Minnesota which are designated as areas with physician shortages.

Loan recipients may apply to the Board for forgiveness of both interest and principal when they complete their training. If they practice in an approved area of medical shortage for a specified period of years, the loans are forgiven. Otherwise, repayment of both interest and principal is required.

The Medical and Osteopathy Student Loan Program is funded by the sale of revenue bonds, as is the State Student Loan Program. Thus, the ceiling on the Board's bonding authority affects this program as well as the State Student Loan Program.

Status: Revenue bonds totaling $3,420,000 have been issued to provide loans to medical and osteopathy students. From the start of the program through June 30, 1982, 564 loans to 201 students totaling $3,176,872 had been made. Fifty-three of these students were in school; 85 were in residency, 45 were repaying their loans, rather than practice in rural areas, and 18 – or 28 percent of those who had entered medical practice – had established rural practices and were canceling their loan obligations.

The 1981 Legislature appropriated $81,000 for Fiscal Year 1982 and $222,000 for Fiscal Year 1983 to cover debt service needs in excess of program earnings. Also, the legislature approved the Board's recommendation to phase out the program by not admitting any new participants after June 30, 1981. The Board recommended that the state consider other more direct and cost effective options to provide incentives for the placement of physicians in designated areas.

As part of actions to balance the state's budget, the Fiscal Year 1982 appropriation was cut by $72,000 and the Fiscal Year 1983 appropriation was cut by $13,700. Because of higher than anticipated interest earnings, the debt service obligations for Fiscal Year 1982 were funded primarily by program earnings. With the program being phased out and renewal requests less than anticipated, it was not necessary to issue additional revenue bonds; therefore, debt service requirements were less than budgeted for 1983.

Revenue sources from this program are revenue bonds, interest earnings on available funds, repayments of loan interest and principal, and state appropriations. Interest earnings and repayment of loan interest and principal are expected to supply sufficient funds to meet the bond interest obligations of $202,000 in Fiscal Year 1984 and $164,000 in Fiscal Year 1985 and $475,000 of the $600,000 needed for bond principal retirement in Fiscal Year 1984.

Also, based upon the current number of renewal students, it is projected that the loan fund will be short by $73,160 to fund all renewal applicants; thus, a small revenue bond will have to be issued in Fiscal Year 1983.

Recommendation: The Board recommends an appropriation of $125,000 for Fiscal Year 1984 to pay bond principal on revenue bonds that are maturing. The Board also recommends that remaining health profession student loan needs be met through existing programs, and that the legislature consider more direct means of encouraging the placement of trained physicians and osteopaths in rural communities of high need.

Rationale: The program will be continued to be phased out only by meeting renewal loan requests to current participants and by completing all interest and principal payments on outstanding bonds as they become due. An appropriation request for $125,000 would pay bond principal, in excess of program earnings, for the revenue bonds that are maturing.

3. Non-Financial Aid Programs

The Coordinating Board has been assigned to manage several programs in addition to the financial aid programs. These programs share the same characteristic of being statewide in scope and impact. They are aimed primarily at securing better services for Minnesota students.

These non-financial aid programs include the interstate tuition reciprocity programs, the Private College Contract Program, the Private Institution Registration Program, the Minnesota Post-High School Planning Program, the Minnesota Interlibrary Telecommunications Exchange Program (MINITEX), and the Optometry-Osteopathy Contracting Program.

a. Interstate Tuition Reciprocity

Objective: To increase access and choice for Minnesota post-secondary students, to encourage the maximum use of educational facilities, and to minimize duplication of educational efforts among participating states and institutions.

Statutory Authority: *Minn. Stat.* Section 136A.08 (1980).

Background: Authorization to enter into reciprocity agreements with neighboring states was one of the first responsibilities assigned to the Higher Education Coordinating Board. Implicit in this authority is recognition that opportunities for post-secondary education should extend beyond state boundaries and that historically states have tended to develop systems of post-secondary education unilaterally without regard to the post-secondary education facilities and programs in contiguous states. The reciprocity agreements have resulted in expanded educational choice for students and the limitation of unnecessary duplication of programs and facilities across state boundaries.

A limited agreement with Wisconsin was initiated in the fall of 1969 and expanded each subsequent year until 1973 when a comprehensive agreement was implemented involving any resident in either state attending public post-secondary institutions. The higher education reciprocity agreement has been linked to the existence of an income tax reciprocity agreement between the two states. Under the Wisconsin agreement, all University of Wisconsin System schools and Center System institutions are eligible. All Minnesota public post-secondary institutions are eligible.

After several years of negotiation, the Board achieved a reciprocity agreement with North Dakota which was implemented for the 1975-76 academic year. The North Dakota agreement encompassed all North Dakota public institutions except the locally-controlled junior colleges and all Minnesota public institutions except the public area vocational-technical institutes. In 1982, however, an agreement covering North Dakota junior colleges and Minnesota AVTIs was approved and it began July 1. This agreement, to last through the 1984-85 school year, is patterned after the existing higher education tuition reciprocity agreement in effect between the two states.

An agreement with South Dakota, similar to the North Dakota agreement, began with the 1978-79 school year. AVTIs are not included.

Two reciprocal agreements involving three post-secondary educational institutions in southwestern Minnesota and two colleges in northwestern Iowa also began in fall 1978. One agreement provides for tuition reciprocity between Pipestone AVTI, Jackson AVTI and Worthington Community College which has campuses in Estherville and Emmetsburg. The second agreement provides for tuition reciprocity between the same three Minnesota institutions and Northwest Iowa Technical College in Sheldon. Under the agreements, Minnesota residents may be eligible to attend the two Iowa institutions and pay Iowa resident tuition rates and fees. Residents of northwestern Iowa may be eligible to attend the three Minnesota institutions at resident rates. Efforts to obtain a statewide agreement with Iowa have been unsuccessful, but it is hoped that the limited agreements will provide a basis for further discussion between the two states.

Reciprocal tuition agreements enable students to attend public post-secondary institutions in the neighboring states at in-state tuition rates. The programs cover full-time, part-time, undergraduate, graduate and professional students. Formulas included in the agreements with Wisconsin, North Dakota, and South Dakota allow Minnesota to calculate the number of students participating and compute the amounts that each state is to be reimbursed.

Under the 1973 Minnesota-Wisconsin agreement, the two states calculated the number of participating students and the difference between in-state and out-of-state tuition for those students. Because more Minnesota students were attending Wisconsin schools and Wisconsin non-resident rates were higher, Minnesota was paying Wisconsin about $600 more per student than Wisconsin was paying Minnesota.

In the spring of 1979, meetings between Minnesota and Wisconsin officials to renegotiate the agreement began. The objective was to ensure that the sum paid per student served be the same in both states. A new reimbursement approach resulted. It is based on the marginal cost of providing educational services to students participating in the program. Wisconsin receives reimbursement for a portion of institutional costs for each Minnesota resident attending a Wisconsin institution covered under the agreement. The Coordinating Board in October 1979 approved the new 10-year agreement, and it was ratified by Minnesota's public post-secondary systems and approved by the Wisconsin Legislature. The reimbursement agreement is reviewed every two years and is subject to legislative appropriations.

Under the agreement, the University of Minnesota School of Veterinary Medicine is to continue to accept 17-24 Wisconsin residents as entering first-year students into the professional veterinary medicine program. The admissions quota provisions are to end the year that Wisconsin admits its first class in its new school of veterinary medicine. Then, veterinary students in either state will be treated in the same manner as all other reciprocity students. The agreement assures the continuation of income tax reciprocity for residents of Minnesota and Wisconsin who work in one state and live in the other. Under the tax reciprocity, taxpayers file only in their state of residence, and the two states calculate any necessary adjustments.

The Minnesota-Wisconsin tuition reciprocity formula is as follows:

No. of credits earned x cost per credit* = XXX
Deduct in-state tuitions paid (XX)
State liability XXX
Minnesota liability less Wisconsin liability = payment

*The cost per credit is negotiated annually.

North and South Dakota receive a sum for each student equaling the weighted average tuition rate reduced to a dollar per credit-hour charge. Minnesota receives like payments from these three states for their residents enrolled in Minnesota institutions.

The payment formula for the Dakotas is as follows:

No. of credits earned x cost per credit* = state liability
Minnesota liability less Dakota liability = payment

*Cost per credit is negotiated annually.

The Iowa agreements do not include an exchange of funds.

The agreements with North Dakota and South Dakota will remain in effect until substantive changes require further alterations. Administrative memoranda are drafted annually as needed to implement the agreements.

Although the statute originally provided for payments from Minnesota to the three neighboring states as necessary under an open appropriation, the 1977 Legislature eliminated several open appropriations accounts, including those for reciprocity. The 1981 Legislature appropriated $5,300,000 for Fiscal Year 1982. The Fiscal Year 1982 funds are used to pay for services in the 1980-81 school year, and the Fiscal Year 1983 money pays for services in the 1981-82 academic year. The 1981 Legislature gave the Board authority to use Fiscal Year 1983 appropriations in Fiscal Year 1982, if necessary. The 1981-83 biennial appropriation was about $8.7 million less than the appropriation for the previous biennium because of the 1979 renegotiation with Wisconsin.

Status: The reciprocal tuition agreements have been successful in meeting student needs as indicated by the actual and projected participation figures for each state shown in Table 38. Participation patterns also have a significant effect on the enrollment of several institutions. Table 39 shows fall 1981 participation for institutions attracting the most students under the agreements.

The amounts due to neighboring states in Fiscal Year 1982 for 1980-81 program activity were short of the Fiscal Year 1982 appropriation by $1.4 million. This shortfall occurred because the increase in Wisconsin's students coming to Minnesota institutions was below projections, the actual appropriation for Fiscal Year 1982 was below the Board's estimates for required funding, and the cost of providing services was more than anticipated based on the agreement with Wisconsin. The Board was able to use part of the Fiscal Year 1983 appropriation to cover the deficit.

A shortfall of $737,866 is projected for Fiscal Year 1983. This deficit, combined with the Fiscal Year 1982 shortfall, is projected to leave the Board with a deficit of approximately $2,183,673 for the biennium.

However, a misunderstanding of the terms of the agreement affecting the calculation of the Fiscal Year 1981 and 1982 payments to Wisconsin was discovered. The result was an overpayment of $1,184,409. This amount will be deducted from the Minnesota liability in the settlement of the academic year 1981-82 amount payable in Fiscal Year 1983. Thus, a deficit of about $1 million is projected for Fiscal Year 1983.

In 1982 the legislature granted the Board authority to fund any Fiscal Year 1983 deficits with refunds from the Scholarship and Grant Program that normally would be turned back to the State Treasury at the end of Fiscal Year 1983.

The inclusion of AVTIs in the North Dakota agreement is expected to reduce Minnesota's payment to North Dakota by $332,000 in Fiscal Year 1984 and $366,000 in Fiscal Year 1985.

Recommendation: The Board recommends the following:

1. **That the 1983 Legislature appropriate $6,850,000 for Fiscal Year 1984 and $7,330,000 for Fiscal Year 1985. If an appropriation for either year is insufficient, the appropriation for the other year is available for it and any unexpended balance remaining in the first year shall not cancel but shall be available for the second year of the biennium.**

2. **That the staff pursue a range of alternatives with neighboring states to reduce the cost of the program while maintaining the commitment to the principle of reciprocity.**

Rationale: The recommended appro-

TABLE 38
ACTUAL AND PROJECTED PARTICIPATION AND COST FIGURES UNDER INTERSTATE TUITION RECIPROCITY FISCAL YEARS 1981-1985

	Actual		Estimated		
	FY 1981	FY 1982	FY 1983	FY 1984	FY 1985
Academic Year	1979-80	1980-81	1981-82	1982-83	1983-84
Appropriations	$9,363,000	$5,300,000	$5,669,000	$6,850,000	$7,330,000
Minnesota payments to:					
Wisconsin	4,080,591	5,612,584	3,912,471[1]	6,276,326	7,533,326
North Dakota	750,952	887,115	913,362	730,372	914,901
South Dakota	160,823	246,108	396,624	498,003	557,265
TOTAL	$4,992,366	$6,745,807	$5,222,457	$7,504,701	$9,005,492
Minnesota to Wisconsin:					
No. of Students	6,647	7,307	7,659	8,226	8,760
Average Cost	$614	$768	$511	$763	$860
Wisconsin to Minnesota:					
No. of Students	2,831	2,848	3,075	3,053	3,006
Minnesota to North Dakota:					
No. of Students	4,024	4,511	4,831	5,185	5,513
Average Cost	$187	$197	$189	$141	$166
North Dakota to Minnesota:					
No. of Students	2,403	2,630	2,870	3,442	3,626
Minnesota to South Dakota:					
No. of Students	719	977	1,244	1,394	1,365
Average Cost	$224	$252	$319	$357	$408
South Dakota to Minnesota:					
No. of Students	558	743	912	1,013	975
Totals					
No. of Minnesota Students in Other States	11,390	12,795	13,734	14,805	15,638
Average Cost Per Student Served	$438	$527	$348	$503	$586
No. of Other States' Students in Minnesota	5,292	6,221	6,857	7,508	7,607
No. of Minnesota Students in Other States – Net	6,098	6,547	6,877	7,297	8,031
Marginal Cost Per Student Served (Net outflow over inflow)	$819	$1,026	$923	$1,028	$1,121

[1] $5,096,880 before special one-time adjustment of prior years of $1,184,409.

Source: Minnesota Higher Education Coordinating Board.

priations are based on continuing the Fiscal Year 1983 level of funding with a 7 percent increase for inflation for each year of the biennium. The recommended amount would fall short of full funding based on present contractual obligations and projections of participation. Therefore, ways to secure additional savings will be required.

The Board's support for this program, however, does recognize the value of the program to students and its cost-effectiveness to the state.

The availability of tuition reciprocity increases access to post-secondary educational institutions and programs

TABLE 39
RECIPROCITY PARTICIPATION BY SELECTED INSTITUTIONS
FALL 1981

	Institution	No. of Students
North Dakota to Minnesota	Bemidji State University	46
	Moorhead State University	2,702
	University of Minnesota – Twin Cities	256
	University of Minnesota – Crookston	116
Minnesota to North Dakota	University of North Dakota	1,900
	North Dakota State University	2,255
	North Dakota State School of Science	457
South Dakota to Minnesota	Mankato State University	135
	Moorhead State University	120
	St. Cloud State University	54
	University of Minnesota – Twin Cities	335
	University of Minnesota – Morris	82
	Southwest State University	114
Minnesota to South Dakota	South Dakota State University	944
	South Dakota School of Mines and Technology	62
Wisconsin to Minnesota	Mankato State University	144
	St. Cloud State University	68
	University of Minnesota – Twin Cities	1,984
	University of Minnesota – Duluth	296
	Winona State University	617
	Lakewood Community College	68
Minnesota to Wisconsin	University of Wisconsin – Madison	1,320
	University of Wisconsin – Milwaukee	84
	University of Wisconsin – Eau Claire	943
	University of Wisconsin – LaCrosse	863
	University of Wisconsin – Oshkosh	72
	University of Wisconsin – Platteville	63
	University of Wisconsin – River Falls	1,959
	University of Wisconsin – Stevens Point	221
	University of Wisconsin – Stout	1,859
	University of Wisconsin – Superior	503

for residents of participating states. With tuition reciprocity, it becomes more convenient for students, regardless of their economic or geographic status, to attend an institution which they believe will meet their needs.

Moreover, the presence of reciprocity expands the number of opportunities available for residents of participating states and allows them a wider choice of institutions and programs than they would have otherwise. Besides being able to choose from among 63 public and more than 100 private institutions in Minnesota, a state resident has increased opportunities to attend 27 public collegiate institutions in Wisconsin, 9 in North Dakota and 7 in South Dakota. Students can choose from among four state universities and a diverse array of quality programs. In addition, AVTIs are included in the agreement with Wisconsin and North Dakota.

The program provides an indirect economic benefit to students through the waiver of non-resident tuition rates. This is particularly significant during a time of rising education costs, higher transportation costs, and reduction of financial aid money.

The reciprocity program provides the potential for minimizing duplication of effort among states in programs. It also has the potential to increase the maximum use of educational facilities.

The presence of reciprocity helps create a strong educational marketplace in which institutions must strive to maintain and increase quality services in order to attract students. As a result of reciprocity, service to state residents is improved because the effectiveness of the total post-secondary education enterprise is enhanced.

In the face of concern for cost savings, however, the cost effectiveness of the program must be stressed. Even though increased appropriations are necessary, the cost per student still compares favorably to the cost per student served in Minnesota institutions. The comparative data for Fiscal Year 1981 are:

	1981
Average Cost per FTE in Reciprocity	$ 438
Marginal Cost per FTE in Reciprocity	$ 819
Estimated State Appropriation Per Student for Instruction	
University of Minnesota	$3,019
AVTIs	$2,750
State Universities	$2,083
Community Colleges	$1,598

Reduction of the reciprocity program would not result in a direct reduction in the state financial obligation because it is likely that a large proportion of the more than 13,000 participating students would return over time to be educated in Minnesota institutions. The cost of educating these returning students would depend on state funding policies in place.

b. Private College Contract Program

Objective: To preserve choice and diversity of opportunities through the continued vitality of Minnesota's private educational institutions.

Statutory Authority: *Minn. Stat.* Sections 136A.18-136A.22 (1980).

Background: Based on recommendations of a study funded jointly by the state and the Bush Foundation, the Board recommended and the 1971 Legislature adopted the Private College Contract Program. The legislature that year also authorized expansion in the State Scholarship and Grant Program, which serves students attending both public and private institutions, and established the Higher Education Facilities Authority. These programs remain the major components of the state's support to private post-secondary education.

The contract program was conceived at a time when the proportion of student needs served in private post-secondary institutions was declining. It recognized the capacity of private institutions to enroll Minnesota residents at less ultimate cost to the taxpayer than public institutions. The program was constructed to reward institutions for increasing their enrollment of Minnesota residents beyond 1970 levels and to encourage them to serve low income students. Participating institutions were to receive an amount not to exceed $500 per student in each institution granting a bachelor's degree and $400 per student in each institution granting an associate degree, for each Minnesota resident enrolled as a full-time student in excess of the number in the fall of 1970. In addition, participating two-year and four-year institutions were to receive $400 and $500 for each state grant-in-aid recipient they enrolled.

The private colleges responded favorably to the incentives. Some institutions made significant increases in the number of Minnesota residents enrolled, while others served an increasing number of low income students who were recipients of state grants-in-aid.

Because of declining enrollment levels in some public institutions, the Board in 1975 suggested that the focus of the program be shifted from accommodating increasingly larger numbers of Minnesota residents. A revised basis of payments was adopted by the 1975 Legislature. It provided incentives to private colleges to continue their current level of service to Minnesota residents, including students from low income families. This change set the amounts of $120 for state residents enrolled in two-year institutions, $150 for state residents enrolled in four-year institutions, $400 for state grant-in-aid recipients in two-year institutions and $500 for state grant-in-aid recipients in four-year institutions. Payments are prorated if funding is not sufficient to award the full amount.

Private degree-granting colleges and universities located in Minnesota are eligible to apply for participation in the Private College Contract Program. In general, these eligible institutions must be non-profit, accredited or the equivalent, and secular in nature.

As designed, the primary intent of the contract program is to help preserve the private colleges as a valuable educational resource to the state. Institutions that require religious affiliation or activity, for private institutions, and non-degree granting schools always have been excluded from participation. The legislature in 1982 voted to end payments for post-baccalaureate students.[42]

The use of payments is not restricted, but each year recipients are asked to report the activities supported with these funds. In the 1980-81 academic year, 10 out of 23 institutions used program funds for financial aid to students. The remaining institutions supported their academic programs or other operating expenses.

Status: In Fiscal Year 1972, $523,800 was paid to private institutions. By Fiscal Year 1981 appropriations totaled $5,105,100. However, this amount was reduced by $435,000 under the governor's budget reduction program that year in response to state fiscal problems. This left funding of $4.7 million for Fiscal Year 1981, or 89 percent of full funding.

The 1981 Legislature appropriated $6,835,000 for the 1982-83 biennium.

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[42] *Third Special Session 1981,* Chapter 2. This included all students in programs with a higher than baccalaureate degree.

TABLE 40
AUTHORIZED AND ACTUAL PAYMENTS UNDER FORMULA FOR PRIVATE COLLEGE CONTRACT PROGRAM FISCAL YEARS 1981 AND 1982

	Authorized		Funded			
			FY 1981		FY 1982	
	Resident	Grant Recipient	Resident	Grant Recipient	Resident	Grant Recipient
4-Year Institution	$150	$500	$134	$447	$93	$309
2-Year Institution	120	400	107	358	74	247

This was a reduction of $2,870,000 from the previous biennium. In Fiscal Year 1982 the Board made payments totaling $3.4 million to 23 Minnesota private institutions; this represented unit payments at a rate of 61.8 percent of the amount authorized under the formula. Legislation in the special session reduced the $3.4 million appropriation for Fiscal Year 1983 by $302,000; this left $3,115,500, or an estimated 59 percent of authorized funding, available for payments in Fiscal Year 1983.[43]

Table 40 shows the amounts authorized and the amounts funded for Fiscal Years 1981 and 1982:

During 1982 the Coordinating Board reviewed the state's role toward the private sector of Minnesota post-secondary education. As part of this effort, the future of the Private College Contract Program was addressed and a variety of alternatives were considered. In June 1982 the Board adopted four recommendations as part of a comprehensive policy toward private post-secondary education (see Section III.B.5).

Recommendations: As part of its proposal for a comprehensive state policy to the private post-secondary sector, the Board recommends that the contract program be modified to provide a payment to eligible institutions at 5 percent of the state average appropriation per student to all comparable four-year and two-year public institutions as appropriate.

Further, the Board recommends that the 1983 Legislature appropriate $4,175,000 for Fiscal Year 1984 and $4,500,000 for Fiscal Year 1985 which assumes full funding of the program as modified.

Rationale: Under the recommended change in the program, the payment would be used for a tuition reduction for each Minnesota resident enrolled as a full-time student, and, consequently, would reduce the cost of attending private institutions for all Minnesota students regardless of their ability to pay.

Continuation of the Private College Contract Program modified in this fashion would maintain the single, independent subsidy directly to private institutions, which expresses the state's commitment to a dual system of post-secondary education. Also, it would correct weaknesses in the current program as follows:

The state subsidy per student would be applied directly as a tuition reduction for the individual student.

The state's commitment to the private collegiate sector and a vital dual system would be preserved directly in statute.

Relating the tuition subsidy to state appropriations per student in the public sector would draw a direct relationship between the per student support in the public sector and the private sector.

The recommended funding level would be approximately 78 percent and 85 percent of the current statutory formula for Fiscal Years 1984 and 1985.

c. Private Institutions Registration Program

Objective: To provide consumer assistance for post-secondary students and prospective students in Minnesota.

Statutory Authority: *Minn. Stat.* Sections 136A.61-136A.71 (1980).

Background: The program was recommended by the Higher Education Coordinating Board and established by the 1975 Minnesota Legislature. The recommendation to establish the program was based on an increasing number of inquiries and complaints by students in Minnesota which pointed to possible abuses in the advertisement and delivery of post-secondary education in Minnesota. No procedures existed in the state to license, certify, or approve the delivery of private degree-oriented post-secondary education services to residents. Minnesota was one of fewer than a dozen states that did not have protection for its residents, and evidence suggested that without some action the state could attract a variety of illegitimate activities providing substandard services.

Implementation of the program began in 1977. Several amendments to the act were adopted by the 1978 Minnesota Legislature; they further clarify the intent of the law and expand its effect to include public schools located outside Minnesota which offer programs or courses within the state.

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[43] *Third Special Session 1981,* Chapter 2.

The program assists and protects persons choosing to attend private institutions by establishing procedures to assure the authenticity and legitimacy of institutions and systems. The program ensures protection of student records, disclosure of certain information to students and prospective studetns, financial stability of educational institutions, appropriate faculty and physical facilities for education programs, and adequate governance of educational institutions. The procedures also assist institutions by providing guidelines to private schools offering programs and courses in Minnesota, helping to protect legitimate and authentic institutions from unfair competition, and offering guidelines and assistance to developing institutions and experimental programs.

Schools under the purview of this program must register annually with the Coordinating Board. Once an institution has registered, the Coordinating Board staff reviews material that has been submitted and makes recommendations for Board action concerning institutional names and the granting of degrees.

The Board each year adopts and publishes a list of registered schools, schools approved to offer specified degrees, and schools approved to use the name "academy," "college," "institute" or "university".

Status: By August 1982, 74 institutions were registered with the Coordinating Board, 43 were approved to grant degrees, and 17 were approved only to use certain terms in their names. Several institutions have been discouraged from operating in Minnesota or have been denied approval. In December 1981 a status report on the program was submitted to the Board. It discusses in more detail the background of the programs, its implementation, and the registration and approval process.[44]

Recommendations: In order to assure the equitable and efficient administration of this program and the continued assistance and protection of Minnesota students and prospective students, the Board recommends the following:

1. **That the Private Institution Registration Program be continued and,**

2. **That the registration fees generated by this program be used for the administration of the program.**

Rationale: The Board continues to support the need for assisting students and providing protection for both students and authentic private institutions in Minnesota. Demographic changes strongly suggest that there will be increased competition for post-secondary students. As these changes occur, the need for established standards for institutional conduct will be emphasized. The existing process with experienced personnel will enhance Minnesota's ability to minimize abuses by assuring that post-secondary education degree programs meet minimal standards, by assuring that records of students are protected and accessible for future use, by helping protect prospective students from misrepresentation or from inadequate or illegitimate programs, and by improving the accuracy and availability of information about institutions for prospective students and their families.

d. Minnesota Post-High School Planning Program

Objective: To provide high school students with information useful in making post-secondary education and work plans and to provide post-secondary institutions with information useful in the admission, advising, and placement of students.

Statutory Authority: *Minn. Stat.* Sections 136A.85-136A.88 (1980 as amended 1981 Supplement).

Background: The University of Minnesota established the Minnesota College/Vo-Tech Statewide Testing Program in 1928 to identify high school students with academic aptitude in an effort to improve University retention rates. Prior to 1979, the testing program was funded by the University of Minnesota and the Association of Minnesota Post-Secondary Educational Institutions. In 1978 the Coordinating Board recommended to the legislature that the program be strengthened through additional funding, that it be placed under a state-level agency to establish statewide identity, and that a broadly constituted advisory committee from the education community be established to provide the Board with recommendations on the future of the program.[45]

The 1978 Legislature directed the Board to establish a statewide career guidance, testing, information, and planning program for all 11th grade students who wish to participate.[46] The program, renamed the Post-High School Planning Program (PSPP), is designed to:

Assist students to make career plans and decisions regarding post-secondary education, training, and goals;

Assist high school, college, and vocational institute counselors in their work with students;

Assist Minnesota colleges and vocational institutes to identify students for whose talents, interests, and needs they have appropriate programs;

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[44] Minnesota Higher Education Coordinating Board, *Private Institution Registration Program: A Status Report* (December 1981).

[45] Minnesota Higher Education Coordinating Board, *Review of the Minnesota Vo-Tech Testing Program* (December 1977).

[46] *Minn. Laws 1978,* Chapter 782.

Assist colleges and scholarship agencies to select from applicants those who show the most promise of benefiting from particular programs;

Provide educators, state planners, and policymakers in the state a continuous inventory of the talents, plans, needs, and other characteristics of students in individual educational institutions, in educational systems, and in the state as a whole; and

Assist educators, state planners, and policymakers to develop improved educational measures and counseling tools.

The program consists of the following components:

Aptitude Test – the Preliminary Scholastic Aptitude Test/National Merit Scholarship Qualifying Test (PSAT/NMSQT) or the School and College Abilities Test (SCAT),

Interest, Achievement and Work Experience Inventory – the Career Planning Program (CPP),

Questionnaire – the Plans and Background Survey (PBS), and

Actual Achievement Measure – high school rank (HSR).

Information from these four program components are combined to produce an educational planning profile for each high school junior who participates in the program.

As required by law, the program includes an advisory task force of representatives from the following groups:

1. Minnesota School Counselors Association,
2. Minnesota Association of Secondary School Principals,
3. Minnesota School Boards Association,
4. State University System,
5. University of Minnesota,
6. State Community College System,
7. Minnesota Private College Council,
8. Minnesota Area Vocational-Technical Institutes,
9. One secondary education student, and
10. One post-secondary education student.

This committee is charged with making recommendations to the Board on program goals, policies, and selection of tests. It focuses on the following issues:

1. Ways to increase participation in the program by high school students and post-secondary institutions;
2. Methods to expand and modify the program to better meet the needs of students with vocational or occupational objectives; and,
3. Ways to improve services to participating post-secondary institutions to ensure that the tests and other student information meet their admissions, placement, advisement, and research needs.

Status: More than 50,000 Minnesota high school juniors participate in the program each year. The number of post-secondary institutions participating increased from 63 institutions in 1978 to 103 in 1981-82.

The 1981 Legislature appropriated $116,500 for Fiscal Year 1982 and $124,900 for Fiscal Year 1983. The program also receives revenue from fees from private post-secondary institutions, which use the services of the program, and fees for special reports and services. In addition, students are charged for testing services provided through the program.

As a result of state budget reductions in 1982, changes in the administration of the program were instituted in Fiscal Year 1983. The contract for technical services with the University of Minnesota Student Counseling Bureau had included a full-time position to provide research services to institutions, conduct workshops for institutional users, and to produce research and descriptive reports on program clientele. These duties were transferred to the Coordinating Board and combined with a vacant Board staff position that had been responsible for overall supervision of the program. Merging the two positions reduced professional staffing for the program by .5 full-time equivalent (FTE).

Recommendation: The Board recommends that the 1983 Legislature appropriate $111,400 for Fiscal Year 1984 for the Post-High School Planning Program and $117,300 for Fiscal Year 1985.

Rationale: This recommendation will enable the Board to continue the program during the 1983-85 biennium. No additional funding is proposed. Efforts have been made to use resources in the program efficiently by consolidating functions and reducing overall staff by .5 FTE.

e. Minnesota Interlibrary Telecommunications Exchange (MINITEX)

Objective: To provide students, faculty, researchers, and other residents of Minnesota with maximum access to library resources through statewide and interstate cooperation among more than 150 participating libraries.

Statutory Authority: *Minn. Laws 1981,* Chapter 359, Section 3.

Background: Since 1969 the library community in Minnesota has demonstrated that it can work together effectively and that sharing resources and joint planning are not only possible but mutually beneficial. Through MINITEX the library community has produced a common bibliographic record of the highest order.

MINITEX was developed from a two-year pilot project funded by the Hill Family Foundation and the Library Services and Construction Act (LSCA-Title II) to test the feasibility of a state library network. Continuing responsibility for MINITEX was assigned to the Coordinating Board in 1971.

The appropriation for MINITEX to the Coordinating Board supports the participation of post-secondary and state agency libraries in the program as well as general management and planning costs. One hundred fourteen Minnesota higher education and state agency libraries participate in the MINITEX program, supported by state appropriations. Participation of public community and regional libraries is supported by contract with the State Department of Education, Office of Public Libraries and Inter-Library Cooperation. The participation and cooperation of libraries in Wisconsin, North Dakota, and South Dakota have been arranged through reciprocal and contractual agreements.

Using the MINITEX program as a vehicle, the Bush Foundation in 1976 provided a grant of $216,000 to the Coordinating Board. The grant provided the opportunity for 30 libraries in Minnesota and North Dakota to acquire on-line bibliographic and cataloging capabilities through the services of a national bibliographic processor, the Ohio College Library Center, now the OCLC, Inc. In June 1977 a supplemental Bush Foundation grant of $135,000 supported the participation of additional libraries in Minnesota, North Dakota, and South Dakota. In combination with Kellogg Foundation grants to private colleges, these funds have made it feasible for more than 50 libraries in all three states to develop on-line bibliographic capability in a cooperative manner. During the past decade, MINITEX has brought into the state approximately $2,450,000 through grants and contracts.

MINITEX consists of five major activities: (1) document delivery, (2) periodical exchange, (3) creation and maintenance of a union list of serials holdings of the participating libraries, (4) building a common on-line data base of participants' books and nonprint holdings through participation in a national on-line shared cataloging, and (5) reference services to participating libraries.

Table 41 identifies activity supported by direct state appropriations in all major program areas from 1980-81 to 1984-85 (projected). Table 42 shows total program activities.

The decline in documents delivered and periodical exchanges is related directly to the expansion of titles and holding locations in the Minnesota Union List of Serials (MULS) and OCLC data bases, which enhance increased resource sharing directly between MINITEX participants without the need to go through the central MINITEX office. This is regarded as a step forward because the increased local resource sharing has been one of the objectives of MINITEX and such sharing improves prompt and effective access to the needed materials, particularly in areas that have several higher education institutions located close together. This development also is related to the the expansion and effectiveness of the MINITEX reference program, which helps participant libraries meet their document-access needs through other participants in their local geographic area.

Status: Within the coming biennium, MINITEX participants will generate approximately 316,000 document requests and 10,000 reference questions annually. MULS includes more than 125,000 individual titles of different periodicals held in approximately 400 libraries in Minnesota, North Dakota, South Dakota, Wisconsin, and Iowa. More than 100 libraries have added to this file over three million records identifying their holdings. Approximately two million records are expected to be added in Fiscal Year 1983.

These bibliographic data bases greatly aid in resource sharing and help individual libraries in their collection development. They also have assisted individual libraries to stabilize or reduce processing costs. The program provides items to residents of Minnesota at the lowest cost per borrowed unit in the country – $2.91 in 1981-82. Both MULS and OCLC must be maintained and updated if the network is to continue at a high level of efficiency and effectiveness.

The low operating cost, overall efficiency, and extent of services, resources and participation have provided Minnesota with one of the most effective interlibrary networks in the nation; it is cited frequently as a model for statewide and national development. Since its inception, requests made on the MINITEX system have more than doubled, the number of participating libraries has nearly tripled, and the efficiency of the system has increased by virtually every reasonable measure. MINITEX is supported widely because it works by improving service to library patrons and by encouraging participating libraries to benefit from cooperation and coordinated development.

The 1981 Legislature appropriated $557,900 for Fiscal Year 1982 and $601,900 for Fiscal Year 1983. Additional details on the background and status of the program can be found in a status report prepared for the Board during the biennium.[47]

Recommendation: The Board recommends that the 1983 Legislature

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[47] Minnesota Higher Education Coordinating Board, *MINITEX Status Report* (December 1982).

TABLE 41
ACTUAL AND PROJECTED MINITEX ACTIVITY SUPPORTED BY STATE APPROPRIATIONS
1980-81 – 1984-85

	Actual 1980/81	Estimated 1981/82	Estimated 1982/83	Estimated 1983/84	Estimated 1984/85
No. of Libraries	114	114	114	114	114
No. of Document Deliveries	122,723	120,000	119,000	119,000	117,000
No. of Periodical Exchanges	30,744	24,000	23,000	22,000	21,000
No. of Reference Requests	1,440	1,610	1,930	2,130	2,230
No. of OCLC Libraries	68	72	82	82	82
No. of Online Holding Records (in millions)	2.5	3.25	4.0	4.5	5.0
No. of Workshops	30	30	30	30	30

TABLE 42
ACTUAL AND PROJECTED ACTIVITY SUPPORTED BY MINITEX APPROPRIATIONS AND CONTRACTS
1980-81 – 1984-85[1]

	Actual 1980/81	Estimated 1981/82	Estimated 1982/83	Estimated 1983/84	Estimated 1984/85
No. of Libraries	157	157	157	157	157
No. of Document Deliveries	168,839	166,000	163,000	160,000	156,500
No. of Periodical Exchanges	30,744	24,000	23,000	22,000	21,000
No. of Reference Requests	4,376	4,600	4,827	5,070	5,320
No. of OCLC Libraries	97	110	125	132	132
No. of Online Holding Records (in millions)	3.8	4.8	7.0	8.5	10.0
No. of Workshops	30	30	30	30	30

[1] Includes contracts with OPLIC, North Dakota, and South Dakota.

appropriate $723,600 for Fiscal Year 1984 and $774,300 for Fiscal Year 1985. For Fiscal Year 1984 this represents $643,600 which is the same level plus inflation and an additional $80,000 to include the health science libraries in MINITEX. For Fiscal Year 1985, it represents $688,700 plus $85,600 for inclusion of the health science libraries.

Rationale: The budget request includes a 7 percent inflationary increase for supplies and equipment for Fiscal Year 1984 and Fiscal Year 1985, and at this stage, the same percentage increase for inflation adjustments for salaries as allowed by the Department of Finance. The final budget request will show the estimated salary increase as requested by the University of Minnesota Board of Regents for its employees. Under the HECB-MINITEX contract with the University, MINITEX staff are University staff and must receive the same salary and wage increases as other University staff.

The budget request also includes an expansion of the Coordinating Board portion of the program to include 52 additional health science libraries in the state during the 1983-85 biennium. This expansion is expected to require an additional $165,600 for the biennium. This expansion should be supported by state funds because these libraries are in hospitals which are related to state higher education programs or provide significant services to state residents.

The recommendation assures that the participation in the network by public community and regional libraries and libraries in neighboring states will continue to be financed by contracts and reciprocal agreements.

Optometry-Osteopathy Contracts

Objective: To provide opportunities for Minnesota residents to pursue professional studies in optometry and osteopathy and to ensure a stable supply of qualified professionals in optometry and osteopathy for the state by contracting for student spaces in institutions located in other states.

Statutory Authority: *Minn. Stat.* Section 136A.225 (1980).

Background: The Optometry and Osteopathy Contracting Program was established in 1977 to respond to projections of a diminishing supply of professionals in both health areas in Minnesota. Since there are no professional programs in either optometry or osteopathy in Minnesota, the method of contracting for a specified number of seats in each entering class is designed to assure a stable pool of professionals committed to practicing in the state.

The Board is authorized to contract for placement of up to 10 seats in colleges of osteopathy and up to 13 seats in schools of optometry.

While the contracting approach to meeting professional needs has limits, it is a more flexible approach than establishing new programs or schools, and it encourages regional and interinstitutional planning for meeting regional needs. In addition, through the contracting method students have a range of choices among participating institutions.

Minnesota residents are eligible to apply for a seat at one of the schools with which Minnesota has contracted. The Coordinating Board determines whether applicants meet the basic eligibility requirements and notifies the schools of each eligible applicant. The contract seats are awarded on a competitive basis after the school reviews and evaluates the eligible applicants to their institutions. To be eligible, an applicant must demonstrate that he or she is a permanent resident of Minnesota and enter into an agreement to practice optometry or osteopathy in Minnesota for not less than three years. Each contract seat student receives a reduction in tuition and fees as determined in the contract between the Coordinating Board and the institution. For state institutions, students pay the tuition and fees charged for in-state students; for osteopathy students, the tuition and fees are the same as in-state tuition and fees at the University of Minnesota Medical School; and for students at private optometry schools, students receive a tuition reduction or scholarship which reduces their tuition. The Board pays each institution an amount which is a function of the number of contract seats at the school and the difference between the cost of instruction per student and the tuition and fees charged to the Minnesota contract seat student.

In 1979 the Board completed a legislatively-mandated study exploring the feasibility of developing a regional system for optometric education. The study concluded that the projected manpower need for optometrists in the nine-state north central region does not justify the development of a regional school of optometry.[48] Existing eductional opportunities appear to be adequate for meeting current projections of manpower need.

The Coordinating Board recommended to the 1979 Legislature that: (1) the existing student contract program in optometry be continued, (2) that the existing student contract program be monitored on an annual basis, and (3) that vision care education, manpower and service trends be reexamined in five years.

Alternatives considered by the Board other than contracting were the following: Minnesota participation in the development of a regional school of optometry in Missouri, development of a regional school of optometry in Minnesota, development of a school in Minnesota to serve primarily Minnesota residents, and development of a contract program through a regional mechanism such as a regional education board.

Status: The 1979 Legislature appropriated $423,000 for Fiscal Year 1980 and $636,500 for 1981. The 1981 Legislature appropriated $553,000 for Fiscal Year 1982 and $579,000 for Fiscal Year 1983 with the language that no more than eight new students should be admitted to the program each year.

A rider was attached to the 1981 law directing the Board to amend the contracts with participating institutions to provide that continued participation by Minnesota be contingent upon the availability of appropriations for the program. The contracts were amended in this manner.

Reductions in program funding occurred in Fiscal Year 1982 and 1983 as a result of the state budget crisis. The Fiscal Year 1982 appropriation was reduced by $3,400 and the Fiscal Year 1983 appropriation by $119,000. This resulted in the elimination of all contracts for new students and inflation increases for contract seats in 1983.

Since August 1977 Board staff have negotiated with institutions throughout the nation which have indicated an interest in contracting with Minnesota. The objective has been to secure the highest number of seats feasible at the best institutions available with the appropriations available and statutory limitations in each field. The contracts with institutions were renegotiated to reflect the decrease in the number of new seats funded through state appropriations.

Since the Board's *Report to the*

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[48] Minnesota Higher Education Coordinating Board, *Optometric Education in Minnesota, A Regional Perspective* (January 1979).

TABLE 43

NUMBER OF SEATS AND COSTS IN OPTOMETRY AND OSTEOPATHY CONTRACTING PROGRAM FISCAL YEARS 1981 AND 1982 AND ESTIMATES FOR FISCAL YEARS 1983-1985

	FY 1981 Actual	FY 1982 Actual	FY 1983 Estimated	FY 1984 Estimated	FY 1985 Estimated
Optometry					
No. of Contracting Seats	18	31	31	18	18
No. of New Seats	13	5	0	13	13
Cost Per Seat	4,000-5,000	4,500-5,500	4,500-5,500	4,900-6,000	4,900-6,000
Total Optometry Cost	$144,500	$181,600	$156,700	$170,300	$170,300
Osteopathy					
No. of Contracting Seats	15	21	21	13	13
No. of New Seats	10	3	0	10	10
Cost Per Seat	13,500	14,500	14,500	16,000	16,000
Total Osteopathy Cost	$355,500	$348,000	$304,500	$368,000	$368,000

Governor and 1981 Legislature, three changes have occurred in the program. One change was that the cost per contract seat has been increased to reflect the inflationary increase in the cost of educating the student. Second, in Fiscal Year 1982 no new seats were funded at either Pacific University College of Optometry or the Southern California College of Optometry, and fewer new seats were funded at the Illinois College of Optometry, the College of Osteopathic Medicine in Des Moines, and the Kirksville (Missouri) College of Osteopathic Medicine. This decrease fully commits the eight seats provided under statute by the 1981 Legislature. The final change was not to contract for new seats for Fiscal Year 1983 in order to meet existing obligations to students already in the program when the appropriation was reduced.

Table 43 shows actual and projected participation and cost figures.

Recommendations: In order to continue providing educational opportunities that will result in a stable supply of professionals in optometry and osteopathic medicine, and to share in the burden of inflationary costs for educating students from Minnesota, the Board recommends the following:

1. **That appropriations of $170,300 in Fiscal Year 1984 and $170,300 in Fiscal Year 1985 be provided for the administration of the Optometry Contracting Program which would allow for 13 new participants each year in addition to all continuing seats, and**
2. **That appropriations of $368,000 for Fiscal Year 1984 and $368,000 for Fiscal Year 1985 be provided which would allow for 10 new seats each year in the Osteopathy Contracting Program, in addition to continuing seats, or a number of first-year seats for each year, not to exceed 10, equal to the ratio of osteopathic first-year students to first-year medical students in Fiscal Year 1981 at state-supported medical schools.**

Rationale: The budget for optometry seats is based upon 13 new participants each year beginning in Fiscal Year 1984. The budget for osteopathy seats is based upon 10 new participants each year of the biennium. These requests also represent a 5 percent inflationary increase for all seats in the program. This will allow for new optometry and osteopathy contract seat students and continue support for current optometry and osteopathy contract seat students. The recommendations are based on documented needs for professionals in both optometry and osteopathy.

Relating the number of contracted osteopathy seats to the size of entering classes in Minnesota medical schools would ensure that osteopathy training outside Minnesota and medical education within Minnesota share proportionately in future funding reductions to adjust for the potential oversupply of medical professionals.

FUTURE AGENDA

A. INTRODUCTION

The Coordinating Board's mandate provides it with responsibility for long-range, statewide planning and coordination and for operating those programs assigned to it. To fulfill its mandate the Board identifies important policy issues affecting the future of Minnesota post-secondary education, analyzes alternative solutions to the issues and problems, and recommends actions. In view of the fiscal and enrollment problems that may affect the quality of Minnesota post-secondary education in the 1980s and 1990s, the Board has been reassessing many of the fundamental policies and programs during the past biennium and will continue this effort in the 1983-85 biennium.

With fewer students and limited resources, the state will need to make difficult choices on priorities both within post-secondary education and between post-secondary education and other services. To help decisionmakers with a framework for making policy decisions, the Board has proposed a set of goals to guide the investment of public resources in Minnesota post-secondary education. They were prepared after an extensive process involving consultation with both education and noneducation groups. The 1982 annual meeting with governing boards was devoted to a discussion of state policy goals and priorities.

The Coordinating Board believes that effective planning must be a cooperative effort among institutions, systems and representatives of statewide educational as well as non-educational interests. Further, decisions by the governor and legislature more likely will serve the broad public interest if this coordinated planning occurs in a cooperative manner.

This section reviews Board projects that are underway and scheduled for completion during the 1983 legislative session. In addition, it lists projects on the Board's management plan that are scheduled for completion during the 1983-85 biennium.

B. ACTIVITIES TO BE COMPLETED DURING THE 1983 LEGISLATIVE SESSION

The Coordinating Board is working on several projects to be completed during the 1983 legislative session. Some are described in the report. To review, they are as follows:

1. Report of the Future Funding Task Force and Coordinating Board Recommendations.
2. Review of Post-Secondary Education Systems' Responses to House File 2 and Coordinating Board Recommendations.
3. Report and Recommendations on Standards for Awarding Credit for Post-Secondary Education.
4. Report and Recommendations on Independent Students in the Financial Aid Process.
5. Report and Recommendations on the State's Role in Meeting Students' Borrowing Needs.
6. Recommendations on Existing Instructional Program Clusters With Greatest Decline in Graduation Rates.

C. PROJECTS FOR THE 1983-85 BIENNIUM

The Coordinating Board in the 1983-85 biennium will complete several projects that address state needs and concerns about the future of post-secondary education in Minnesota. These projects are outlined in the Board's *Management Plan 1982-85.* Although aware that unforeseen demands can alter its work schedule, the Board has developed a management plan to identify projects in a three-year period.

Projects tentatively scheduled for the next few years include the following:

1. Report and Recommendations on a Regional Plan for Post-Secondary Education Services — a project to examine ways to preserve quality educational services while maintaining access through a regional plan for institutions and programs.
2. Report and Recommendations on Remedial Education in Minnesota — a study of the relationship between secondary and post-secondary education in Minnesota and how these sectors can better cooperate to assure that students are prepared for college.
3. Report on Status of Minnesota Post-Secondary Education Faculty — a study of public and private post-secondary education faculty in Minnesota including retirement rates and staffing needs as they relate to enrollment trends between 1980 and 2000.
4. Report on the Integrity of the Transfer of Academic Credits and Degrees — a review of the policies and procedures governing the transfer of academic credits and degrees, and examining the extent to which the integrity of credit earned at one institution is accepted at other institutions.
5. Report and Recommendations on Undergraduate Enrollment Policy — A report and review of possible alternative distributions of future undergraduate enrollments in Minnesota.
6. Report and Recommendations on Research and Instructional Equipment Replacement — a report on a comprehensive equipment replacement policy for post-secondary education.
7. Report and Recommendations on Minnesota's Supply of Medical Doctors — an examination of the supply and distribution of doctors in Minnesota and the state's role

in educating these professionals in the future.

8. Report and Recommendations on Specialization of Academic Programs — a study of the movement toward highly specialized undergraduate academic programs and the effects of these trends both on students and general academic offerings within institutions.

9. Report on Support and Enhancement of Minnesota's Post-Secondary Education Library System — a study of the current status of libraries in the state's higher education systems.

10. Report and Recommendations on Instructional Technology — a study on the potential for use of instructional technology in Minnesota post-secondary education.

11. Report on Post-Secondary Education's Role in Retraining Minnesota's Workforce: a report on what retraining needs will be needed in Minnesota's future and what portion of this need should most appropriately be provided by post-secondary educational institutions.

12. Report on Students Who Do Not Go to College — a study of career and educational experiences of high school graduates who do not enroll in post-secondary education after they finish high school.

13. Report on Graduate Education in Minnesota — an analysis of what graduate education is offered in Minnesota and at what cost and benefit to students, the state and others.

14. Report on Allied Health Education — a study on existing and needed allied health programs in Minnesota.

A. SUMMARY OF ANNUAL MEETING WITH GOVERNING BOARDS

State policy goals and priorities for post-secondary education was the theme of the 1982 annual meeting of Minnesota post-secondary education governing boards. The meeting was conducted January 17, 1982 in St. Paul and was attended by members of the state's public and private post-secondary governing boards, legislators and other guests.

The guest speaker was Fred M. Hechinger, president of the New York Times Foundation, Inc., and an education columnist. He commented on national and state perspectives on goals for higher education. Hechinger, along with Ernest L. Boyer, president of the Carnegie Foundation for the Advancement of Teaching, recently had completed an essay, *Higher Learning in the Nation's Service.*[1] They argue that higher education needs new goals because, after years of being at the center of the national arena, colleges and universities now find themselves on the sidelines, "puzzled and unsure" about their purpose and future mission.

The program also included remarks by Coordinating Board President James Krause and Secretary Richard Dunn and a panel discussion involving members of the governing boards. The speakers and panelists commented on responses to a worksheet on proposed goals for Minnesota post-secondary education which the Coordinating Board had distributed to board members prior to the meeting. The worksheet asked respondents to rank proposed policy goals for Minnesota post-secondary education and to express their opinions on a list of related policy statements.

The annual meetings have been occurring since the 1976 Legislature passed a law directing the Coordinating Board to sponsor an annual meeting of representatives of the University of Minnesota Board of Regents, the State University Board, the State Board for Community Colleges, the State Board for Vocational Education, the Higher Education Coordinating Board, the Higher Education Facilities Authority, and the trustees of private institutions.[2]

The 1982 meeting was arranged by the Coordinating Board with funding provided by the Ford Foundation.[3] Previous meetings focused on a variety of topics including fluctuating enrollments, the maintenance of quality in a period of declining enrollments, and funding for the future.

B. HIGHER EDUCATION FACILITIES AUTHORITY ANNUAL REPORT

The annual reports of the Facilities Authority issued during the biennium are being forwarded to the governor and legislature without comment from the Coordinating Board.

C. ADVISORY COMMITTEES

Advisory groups are an important source of information and advice on issues considered by the Coordinating Board. Under a policy adopted in January 1979, the Board uses the following kinds of advisory committees:

1. **Standing Committees:** They advise the Board and its staff on matters which relate to their respective areas of special competence and concern.
2. **Special Advisory Committees:** They are established as required to advise the Board and its staff on matters of special concern. Special advisory committees have specific tasks and scheduled dates for work completion. They are disbanded upon completion of their work.

Each year the Board receives an annual staff report on advisory committees. It includes a review of the policy governing advisory committees, a list of the Board's committees, statements of their purpose, membership and membership expiration dates.

Standing Committees:

1. Financial Aid Advisory Committee
2. MINITEX (Minnesota Interlibrary Telecommunications Exchange) Advisory Committee
3. Program Advisory Committee (formerly the Curriculum Advisory Committee)
4. Minnesota Post-High School Planning Program Advisory Committee
5. Higher Education Advisory Council
6. Student Advisory Committee

Special Advisory Committees:

1. Task Force on Future Funding of Post-Secondary Education
2. Faculty Mobility Advisory Committee
3. Academic Credit Advisory Committee

Advisory Committees Which Have Completed Their Work:

1. Advisory Committee on Nursing
2. Special Advisory Committee on Better Information for Students
3. Iron Range Regional Center Task Force
4. Rochester Regional Center Task Force

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[1] The essay, released in November 1981, is one in a series in which the Carnegie Foundation for the Advancement of Teaching seeks to stimulate thought and discussion about the aims of education.

[2] *Minn. Stat.* Section 136A.041 (1980).

[3] See Minnesota Higher Education Coordinating Board, ***Proceedings of Annual Meeting of Post-Secondary Education Governing Boards: State Policy Goals and Priorities*** (January 27, 1982).

5. Wadena Regional Center Task Force

6. Special Advisory Committee for the Study of Post-Secondary Opportunities for Part-Time and Returning Students

7. Private Institution Registration Advisory Committee (subject to approval of formal rule change)

D. MINNESOTA HIGHER EDUCATION COORDINATING BOARD REPORTS AND PUBLICATIONS

PUBLICATIONS

Report to the Governor and 1981 Minnesota Legislature (January 1981)

Interim Report of the Task Force on Future Funding for Post-Secondary Education (April 1982)

Proceedings of Annual Meeting of Post-Secondary Education Governing Boards: State Policy Goals and Priorities (January 27, 1982)

Minnesota Higher Education Coordinating Board, Description of Agency

Focus on Financial Aid (October 1981 and 1982), annual tabloid describing student financial aid programs

MHECB Report, agency newsletter

Goals to Guide the Investment of Public Resources in Minnesota Post-Secondary Education (September 1982)

Brochure, State Education Assistance Programs/Financial Aid (September 1982), brochure describing aid programs

Post-High School Planning Program (September 1982), introductory brochure describing program

Private Institution Registration Program (March 1981), brochure

Opportunities in Optometric and Osteopathic Education (1981), brochure

Financial Aids Manual

POLICY PAPERS

Factors That Affect Cooperation Between Minnesota Post-Secondary Institutions (January 1982)

Post-Secondary Education for Part-time and Returning Students (June 1981)

Student Financial Aid in the 1980s: Roles and Responsibilities (January 1982)

Public Policy Toward Private Post-Secondary Education in Minnesota (April 1982)

Final Report on the Minnesota Community College System (January 1981)

Final Report on Minnesota Area Vocational-Technical Institutes (January 1981)

Recommendations on the Future of the Community College System and Area Vocational-Technical Institutes (January 1981)

A Report on the Status of Hispanic/Latino Students in Post-Secondary Education and Proposals to Improve the Success of Hispanic/Latino and Other Minority Students in Post-Secondary Education (January 1981)

Associate Degrees in Minnesota Area Vocational-Technical Institutes with Coordinating Board Recommendations (February 1981)

Policy on Program Review (June 1982)

TECHNICAL PAPERS AND DATA REPORTS

A Review of Tuition for Minnesota Public Post-Secondary Education (July 1982)

Effects of Implementing an Alternative Design for Shared Responsibility in Minnesota Student Financial Aid System (April 1982)

Report on Instructional Expenditure Patterns in Public Post-Secondary Education (June 1982)

Basic Data Series Report Number 10, Fall 1981 Post-Secondary Education Enrollment Survey (April 1982)

Basic Data Series Report Number 9, Fall 1980 Post-Secondary Education Enrollment Survey (April 1981)

Transfer Activity of Minnesota Undergraduate Students, Academic Year 1980-81, Basic Data Report (May 1982)

Transfer Activity of Minnesota Undergraduate Students, Academic Year 1979-80, Basic Data Report (May 1982)

Minnesota Public Post-Secondary Education Enrollment Projections 1981-82 to 2000-01; Staff Technical Paper (December 1981)

Fall 1980 Enrollment Analysis, Staff Technical Paper (December 1980)

Characteristics of 1979 Minnesota High School Graduates Who Entered Minnesota Post-Secondary Education Institutions, Post-High School Planning Program (December 1981)

Enrollment by Age, Level and Sex, Fall 1980, Basic Data Report No. 80-1 (July 1981)

Report on Aptitude Scores by Minnesota High School Juniors and Responses to Plans and Background Survey in 1980-81, Post High School Planning Program (September 1981)

Headcount Enrollment by Racial/Ethnic Group, Fall 1980, Basic Data Report No. 80-2 (September 1981)

Summary of Responses on the Plans and Background Survey and the Aptitude Test Score Trends for Minnesota High School Juniors, 1971-1982, Post-High School Planning Program (September 1982)

Participation of 1981 Minnesota High School Graduates in Minnesota Post-Secondary Education, Basic Data Report (May 1982)

Residence and Migration of College Students, Fall 1979, Basic Data Report (February 1982)

Enrollment by Age, Level and Sex, Fall 1981 (July 1982)

STATUS REPORTS

Financial Aid in Minnesota: A Status Report as of June 30, 1982 (December 1982)

MINITEX Status Report (December 1981)

Regional Centers Status Report (February 1981)

Private Institutions Registration Program Status Report (December 1981)

Program Review Update (December 1981)

Better Information for Students: Report on Education Information Resources and Activities, A Status Report (November 1981)

OTHER REPORTS

Report on Student Record Enrollment System Pilot Test (July 1982)

Review and Recommendations on the Articulation of Nursing Education in Minnesota (January 1982)

HECB Advisory Committees: Annual Report (August 1982)

Management Plan 1981-84 (September 1981)

Coordination Through
Planning and Research

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